MERCURY TOWERS
by Zaha Hadid Architects

MERCURY PROJECTS FINANCE p.l.c.

Mercury Towers, J Portelli Offices, Triq San Gorg, San Giljan STJ 3202, Malta
Co. Reg. No. C89117

COMPANY ANNOUNCEMENT

Guarantor's Audited Consolidated Financial Statements for 2025

Reference is made to the Company Announcement of 30th April 2026, which announced the approval of the Guarantor's Audited Consolidated Financial Statements for the accounting reference period ended 31st December 2025 by the Board of Directors of the Guarantor.

The copy of the audited consolidated audited financial statements of the Guarantor attached to the Company Announcement inadvertently did not contain the signed auditors' report. A copy of the revised audited consolidated audited financial statements containing the signed independent auditors' report are therefore being reattached below.

These are also available are also available for viewing at the registered office of the Issuer, Mercury Projects Finance p.l.c. (the "Company") and on the Company's website: https://mercury.com.mt/.

By order of the Board

Joseph Saliba
Company Secretary
13th June 2026

MERCURY TOWERS LTD.

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

Company Reg. No: C77402

MERCURY TOWERS LTD.

GENERAL INFORMATION
31 DECEMBER 2025

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MERCURY TOWERS LTD.

GENERAL INFORMATION
31 DECEMBER 2025

Board of Directors:

Mr. Joseph Portelli
Ms. Chloe Portelli
Mr. Tristen Portelli

Company Secretary:

Dr. Ian Stafrace

Registered Office:

Mercury Towers
J. Portelli Offices
Triq San Gorg
San Giljan STJ 3202
Malta

Bankers:

Bank of Valletta plc
102, Republic Street
Victoria VCT1017
Gozo

Lombard Bank plc
67, Merchants Street
Valletta
Malta

Legal Advisor:

Saliba Stafrace Legal
9/4, Britannia House
Old Bakery Street
Valletta VLT1450
Malta

Auditors:

Baker Tilly Malta
Level 5
Rosa Marina Building
216, Marina Seafront
Pieta' PTA9041
Malta

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2025

Board of Directors

Mr. Joseph Portelli
Ms. Chloe Portelli (appointed on 14 June 2025)
Mr. Tristen Portelli (appointed on 14 June 2025)

The directors present herewith their annual report together with the audited financial statements of Mercury Towers Ltd. (the "Company" and the "Group", separate and consolidated respectively) for the year ended 31 December 2025. The directors have prepared the report in accordance with Article 177 of the Malta Companies Act (Cap 386, Laws of Malta) (the "Act") including the further provisions as set out in the Sixth Schedule to the Act.

The Group

The Group comprises Mercury Towers Ltd. (the "Company", the "Parent" or the "Guarantor") and its wholly owned subsidiaries, namely Mercury Projects Finance P.l.c. ("MPFP" or the "Issuer"), Mercury Hotel Ltd. ("MHL"), Mercury Commercial Mall Ltd. ("MCML"), Mercury Car Park II Ltd. ("MCPIIL"), Mercury Condominium Limited ("MCL") and Mercury Entertainment Limited ("MEL").

MPFP was set up on 16 January 2019, with its principal activities being those of acting as a finance and investment vehicle for the Group. MHL was set up on 7 December 2021 with the scope of owning and operating the hotel within the Mercury Towers project, while MCML and MCPIIL were incorporated on 15 December 2021, with MCML's main purpose being that of owning and operating the commercial mall, whilst that of MCPIIL being that of owning and operating the car park within the Mercury Towers project. MCL and MEL were both incorporated on the 3 June 2025. MCL's main purpose being that of operating the condominium of the Mercury Towers Complex, while MEL's main purpose is that of combining the entertainment business of the Complex under one company in order to streamline the operations and benefit from economies of scale.

Principal Activities

Mercury Towers Ltd. was originally set up to acquire and develop land in St. Julians, Malta, now known as the Mercury Towers Complex, which includes an underlying 660-car parking area, a shopping mall, a 5-star luxury hotel, several food and beverage outlets and other operating establishments.

During the year under review, Mercury Towers Ltd. commenced operating the remaining areas within the Mercury Tower Complex while continuing to operate the establishments which opened to the public during the previous year.

The Company is the Guarantor to the bonds issued by Mercury Projects Finance P.l.c., whilst Mercury Hotel Ltd. is acting as surety to the bond issued in 2022.

The Mercury Towers Complex

The Mercury Towers Complex comprises of the retail area now known as the Mercury Shopping District housing 30 retail shops and various dining spaces, a 140-room 5-star luxury hotel supplemented with a further 35 residences within the main tower, several other food and beverage outlets across the Complex, other operating establishments and an underlying 660-car parking area.

Other operating establishments include the Odyssey, an initiative that seamlessly integrates immersive storytelling and informative scene-setting shows with a historical, story-driven flying theatre ride, and the Museum of Illusions, an intriguing visual, sensory and educational experience.

MERCURY TOWERS LTD.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2025

Review of Business

The Company

Now that the finishings of the Mercury Tower Complex are completed, the deeds of the remaining residential units were completed during 2025. Moving forward, the Company's revenue will be generated from sales by the food and beverage outlets, recharges of common area expenses and income from Odyssey and the Museum of Illusions. As from January 2026, the Company also started operating Planet Play, the entertainment arena situated in Levels B02 and B03 of the Mercury Tower Complex. The shopping district, hotel and car park are operated by Mercury Commercial Mall Ltd., Mercury Hotel Ltd. and Mercury Car Park II Ltd. respectively.

Revenue from Sale of Property
During the year under review, the Company sold five units out of the seven held in stock, leaving the last remaining two units in inventory. The revenue for the year amounting to € 4,887,100 (2024: € 4,145,400). The movement in revenue from the sale of property directly relates and is dependent on the number of deeds executed during the year.

Cost of sales remain in line with revenue.

Since the remaining two units held in inventory were pulled off the market for strategic reasons, it is expected that no further revenue from sale of property will be registered in the foreseeable future.

Operational Revenue
During the previous year, the Company had started launching areas in operations and towards the end of the previous year successfully launched Odyssey, an experience encompassing a unique journey on Malta's history. Odyssey was awarded 'Best Visitor Attraction' for 2025.

This year ending 2025, the Company put to use all the commercial areas available to it, including the Museum of Illusions, a global brand present in more than 55 countries and three food and beverage outlets located in the hotel building, namely Cabana, Luciano's and Radio Rooftop. The only area yet to be rolled out is the Pavillion, which is expected to be leased to third parties.

Although all of the areas, save for the Pavillion, were in operation as at the end of the year, some of the operations were launched towards the second half of the year. Consequently, while the direct and indirect costs comprise a full year of operations, the revenue captured during the year under review cannot be considered as that of a full year of operation. Thus, revenues for the year 2026 are expected to increase substantially while operating costs are expected to remain stable.

The Company acts as the administrative and finance company to the Group. Accordingly, most general pre-operating expenditure was being borne by the Company. The Company's results for the year were negatively affected because of delays in the completion and opening of certain elements within the project, which meant that pre-operating costs had to be sustained for a longer period of time than anticipated, and with minimal revenue being generated from certain activities. Such pre-operating and non-recurring costs of approximately € 2 million have been charged to the income statement during the year.

Equity
The Company's equity at the end of the year under review amounted to € 56,487,070 (2024: € 49,677,801). The change in equity is a result of the net effect from further increases in share capital and losses incurred during the first months of operation of the various non-property business units of the Mercury Towers Complex and a number of pre-operating costs.

During the year under review, the capital of the Company increased by 15,000,000 to € 30,000,000. The ultimate beneficial owner is also committing himself to increase his risk capital by another capital injection of € 18,000,000 during 2026.

The Group

Finishes of the Mercury Tower Complex are now completed and during the year under review all elements of the Complex were operational through the various Group companies. The only non-income generating asset is the Pavillion, which will be leased to third parties in 2026.

Mercury Projects Finance P.l.c. continued being the part-financing arm for the Mercury Towers project.

Revenue from Sale of Property
During the year under review the Company concluded the deeds of sale on the last available marketed units located in the peripheral block. Five units out of the seven held in stock were sold leaving the last remaining two units in inventory. The revenue for the year amounted to € 4,887,100 (2024: € 4,145,400). The movement in revenue from the sale of property directly relates and was dependent on the number of deeds executed during the year.

Cost of sales remain in line with revenue.

Since the remaining two units held in inventory were pulled off the market for strategic reasons it is expected that no further revenue will be registered in the foreseeable future.

Hotel Revenue
The hotel welcomed its first guests towards the end of 2024 when a limited number of rooms were made available for operation. During the year under review, the remaining rooms were handed over to management together with a number of amenities including the Spa and event spaces which were rolled out during the second quarter of the year.

The feedback for the first year of operations has been very encouraging, and this augers well for the years ahead. It is expected that in the future, hospitality revenue will be a major contributor to the Group's operations.

Commercial Mall Revenue
The commercial mall, now known as the Mercury Shopping District, opened its doors to the public in November 2023, and despite the challenges encountered by the ongoing construction around the area during 2025, revenues generated were very encouraging. With the Mercury Towers Complex now fully completed, revenues are expected to reach their full potential during 2026.

Car Park Revenue
The Group recognizes the importance of the car park to the success of the Mercury Towers Complex. Other than being a facility for Shopping District clients, it has started to receive custom from users of various other commercial offerings situated in Paceville.

During the year under review, management kept the car park fees to a minimum in order to boost visitor access to the Mercury Tower Complex.

Operational Revenue
Operational areas started to generate income according to their roll-out timings. Expenditure during the reporting period includes non-recurring pre-operating costs.

Equity
The Group's equity at the end of the year under review amounted to € 66,539,463 (2024: € 66,058,385). The change in equity is a result of the net effect from further increases in share capital and losses incurred during the first months of operation of the various non-property business units of the Mercury Towers Complex and a number of pre-operating costs.

During the year under review, the capital of the Parent and Guarantor was increased by € 15,000,000 to € 30,000,000. The ultimate beneficial owner is also committing himself to increase his risk capital by another capital injection of € 18,000,000 during 2026.

Bond Issue

Pursuant to the prospectus published on the 4 March 2019, Mercury Projects Finance p.lc., the finance and investment vehicle of Mercury Towers Ltd., issued € 11,500,000 3.75% secured bonds maturing in 2027 (Series I Bonds) and € 11,000,000 secured bonds maturing in 2031 (Series II Bonds). Both series were issued at a nominal value of € 100 per bond. These bonds were admitted to the official list of the Malta Stock Exchange with effect from 29 March 2019 and trading in the bonds commenced on 5 April 2019.

In accordance with the provisions of the Prospectus dated 4 March 2019, the proceeds from the bond issue have been advanced by way of a loan facility to the Company, for the purpose of re-financing existing bank loans and for the construction and finishing of certain specific project elements at the Mercury site in St. Julians, Malta, which project is owned by the Company and the Group.

On the 22 March 2023, the Malta Financial Services Authority approved the issuance of € 50,000,000 4.3% secured bonds to mature in 2032. This bond was issued at a nominal value of € 100 per bond and was admitted to the official list of the Malta Stock Exchange with effect from the 26 April 2023 and trading on the bonds commenced on 27 April 2022. In accordance with the provisions of the Prospectus dated 22 March 2022, the proceeds from this second bond issue were advanced by way of another loan facility to the Company, which is also the Guarantor, for the purpose of construction and finishing of the hotel at the Mercury Towers project and for general corporate funding.

On the 25 July 2024, the Company issued a further € 20,000,000 5.3% secured bonds to mature on 2034. This bond was issued at a nominal value of € 100 per bond and was admitted to the official list of the Malta Stock Exchange with effect from 26 August 2024. Trading commenced on the same day.

In accordance with the provisions of the Prospectus dated 25 July 2025, the proceeds from this bond issue were advanced by way of another loan facility to the Guarantor and Parent company, namely Mercury Towers Ltd, for the purposes of finishing the last elements of the Mercury Tower project and for general corporate funding.

Key Risks

The key risks associated with the Company and the Group are those associated with an array of competitive pressures in the operation and management of the hospitality, accommodation and commercial rental markets in Malta, particularly referring to development adjacent to the Mercury Towers Complex and accessibility to same. The full list of all the key risks listed in the Prospectuses are still applicable to the Group.

The Company acts as the guarantor in relation to the bonds issued by the subsidiary, namely Mercury Projects Finance P.l.c., whilst Mercury Hotel Ltd. is acting as surety to the bonds issued during 2022.

The Company is still subject to elements of financial risks, including the market, economic, counter-party, credit and liquidity risks amongst others. The directors provide principles for the overall risk management as well as policies to mitigate these risks in the most prudent way.

Economic Outlook

The recent escalation of geopolitical tensions in the Middle East has increased uncertainty in the global economic environment. At present, there is minimal impact on the Company's and the Group's operations. However, management continues to monitor developments closely and will assess potential implications as the situation evolves.

Particular attention will be given to the increases in fuel prices and the impact on the tourism industry.

Results, Dividends and Reserves

The results for the year and the movement in reserves are as set out on pages 8, 11 and 12 of the financial statements. No dividends were proposed or paid during the year under review. No final dividend is recommended.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2025

Directors

The members serving on the Board of Directors and movements thereon are listed on page 2. In accordance with the Company's Articles of Association, the directors at date of this report are to remain in office.

Company Secretary

The company secretary is Dr. Ian J. Stafrace.

Auditors

Baker Tilly Malta have intimated their willingness to continue in office. A proposal to reappoint Baker Tilly Malta as auditors of the Company will be put to the General Meeting.

Approved and signed on behalf of the Board of Directors on 30 April 2026.

Mr. Joseph Portelli
Director

Mr. Tristen Portelli
Director

Statement of directors' responsibilities for the financial statements

The Companies Act, 1995 (Chapter 386, Laws of Malta) (the "Act") requires the directors to prepare financial statements for each financial period which give a true and fair view of the financial position of the Company and the Group for that period in accordance with the requirements of International Financial Reporting Standards as adopted by the EU.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act (Cap. 386) enacted in Malta. This responsibility includes designing, implementing and maintaining such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. The directors are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved and signed on behalf of the Board of Directors on 30 April 2026.

Mr. Joseph Portelli
Director

Mr. Tristen Portelli
Director

MERCURY TOWERS LTD.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 2025

		Group		Company	
		2025	2024	**2025**	2024
	Note	**Euro**	Euro *As Restated*	**Euro**	Euro *As Restated*
Revenue	4	**25,114,532**	9,887,457	**12,178,465**	5,291,387
Cost of sales	5	**(15,433,074)**	(6,308,394)	**(11,453,194)**	(5,098,796)
Gross Profit		**9,681,458**	3,579,063	**725,271**	192,591
Administrative overheads	7	**(4,082,849)**	(5,093,921)	**(2,370,621)**	(3,488,847)
Selling and promotional overheads		**(1,672,719)**	(619,818)	**(766,883)**	(171,502)
Provision for expected credit losses		**55,232**	252,504	**-**	399,736
Depreciation	10/12	**(9,465,501)**	(3,939,516)	**(3,579,341)**	(949,318)
Other operating income/(expenditure)	6	**22,701**	64,302	**-**	-
Operating Loss	7	**(5,461,678)**	(5,757,386)	**(5,991,574)**	(4,017,340)
Finance costs	8	**(8,735,749)**	(6,476,215)	**(2,196,286)**	(270,740)
Loss before Taxation		**(14,197,427)**	(12,233,601)	**(8,187,860)**	(4,288,080)
Tax expense	9	**(321,495)**	(509,944)	**(2,871)**	(472,701)
Loss for the Year		**(14,518,922)**	(12,743,545)	**(8,190,731)**	(4,760,781)
Total Comprehensive Loss for the Year		**(14,518,922)**	(12,743,545)	**(8,190,731)**	(4,760,781)

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2025

		Group		Company	
		2025	2024	**2025**	2024
	Note	**Euro**	Euro	**Euro**	Euro
Assets					
Property, plant and equipment	10	**222,199,376**	175,835,974	**52,946,764**	8,391,891
Intangible assets	11	**300,000**	300,000	**300,000**	300,000
Investment property	12	**43,225,696**	83,432,377	**48,714,323**	88,921,004
Investment in subsidiaries	13	**-**	-	**6,256,000**	6,253,600
Investment in associate	14	**1,500**	1,500	**1,500**	1,500
Interest bearing receivables	15	**-**	-	**93,057,252**	95,076,846
Trade and other receivables	17	**-**	1,590,166	**-**	1,590,166
Non-Current Assets		**265,726,572**	261,160,017	**201,275,839**	200,535,007
Inventories	16	**1,376,741**	1,871,691	**1,131,548**	1,650,130
Trade and other receivables	17	**10,371,474**	15,094,037	**52,977,486**	49,742,714
Taxation recoverable	9	**-**	43,319	**-**	-
Cash and cash equivalents	18	**4,296,386**	786,742	**3,156,632**	272,133
Current Assets		**16,044,601**	17,795,789	**57,265,666**	51,664,977
Total Assets		**281,771,173**	278,955,806	**258,541,505**	252,199,984

The accompanying notes form an integral part of these consolidated financial statements.

MERCURY TOWERS LTD.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2025

		Group		Company	
		2025	2024	2025	2024
	Note	Euro	Euro	Euro	Euro
Equity					
Share capital	19	30,000,000	15,000,000	30,000,000	15,000,000
Revaluation reserve	19	55,307,488	35,838,129	19,469,359	-
Investment property reserve	19	6,636,800	26,106,159	6,636,800	26,106,159
Retained earnings/(losses)		(25,404,825)	(10,885,903)	380,911	8,571,642
Total Equity		66,539,463	66,058,385	56,487,070	49,677,801
Liabilities					
Interest bearing borrowings	20	-	-	92,444,358	92,444,358
Non-interest bearing borrowings	21	7,714,876	5,855,744	7,709,702	5,855,744
Bank borrowings	23	75,072,859	72,247,931	75,072,859	72,247,931
Bonds payable	22	92,500,000	92,500,000	-	-
Trade and other payables	24	1,709,385	892,314	1,018,871	437,164
Deferred tax liability	9	14,376,449	14,246,491	6,638,887	6,778,678
Non-Current Liabilities		191,373,569	185,742,480	182,884,677	177,763,875
Bank borrowings	23	7,121,956	16,062,612	6,111,884	15,035,866
Trade and other payables	24	16,722,347	11,092,329	13,057,874	9,722,442
Taxation payable		13,838	-	-	-
Current Liabilities		23,858,141	27,154,941	19,169,758	24,758,308
Total Liabilities		215,231,710	212,897,421	202,054,435	202,522,183
Total Equity and Liabilities		281,771,173	278,955,806	258,541,505	252,199,984

The accompanying notes form an integral part of these consolidated financial statements.

The financial statements set out on pages 8 to 51 were approved and signed on behalf of the Board of Directors on 30 April 2026 by:

Mr. Joseph Portelli
Director

Mr. Tristen Portelli
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2025

Group

	Total equity	Share capital	Investment property reserve	Reval. reserve	Retained earnings/ (losses)
	Euro	Euro	Euro	Euro	Euro
Balance as at 1 January 2025	**66,058,385**	**15,000,000**	**26,106,159**	**35,838,129**	**(10,885,903)**
Contributions by Owners of Company					
Issue of Ordinary Shares	**15,000,000**	**15,000,000**	-	-	-
Comprehensive Loss for the Year					
Loss for the year	**(14,518,922)**	-	-	-	**(14,518,922)**
Movement on Reserves					
Transfer of revaluation of Property following reclassification from Investment Property	-	-	**(19,469,359)**	**19,469,359**	-
Balance at 31 December 2025	**66,539,463**	**30,000,000**	**6,636,800**	**55,307,488**	**(25,404,825)**
Balance as at 1 January 2024	78,801,930	15,000,000	26,106,159	35,838,129	1,857,642
Comprehensive Loss for the Year					
Loss for the year	(12,743,545)	-	-	-	(12,743,545)
Balance at 31 December 2024	66,058,385	15,000,000	26,106,159	35,838,129	(10,885,903)

The accompanying notes form an integral part of these consolidated financial statements.

MERCURY TOWERS LTD.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025

Company

	Total equity	Share capital	Investment property reserve	Reval. reserve	Retained earnings
	Euro	Euro	Euro	Euro	Euro
Balance as at 1 January 2025	**49,677,801**	**15,000,000**	**26,106,159**	**-**	**8,571,642**
Contributions by Owners of Company					
Issue of Ordinary Shares	**15,000,000**	**15,000,000**	**-**	**-**	**-**
Comprehensive Income for the Year					
Loss for the year	**(8,190,731)**	**-**	**-**	**-**	**(8,190,731)**
Movement on Reserves					
Transfer of revaluation of Property following reclassification from Investment Property	**-**	**-**	**(19,469,359)**	**19,469,359**	**-**
Balance at 31 December 2025	**56,487,070**	**30,000,000**	**6,636,800**	**19,469,359**	**380,911**
Balance as at 1 January 2024	54,438,582	15,000,000	26,106,159	-	13,332,423
Comprehensive Income for the Year					
Loss for the year	(4,760,781)	-	-	-	(4,760,781)
Balance at 31 December 2024	49,677,801	15,000,000	26,106,159	-	8,571,642

The accompanying notes form an integral part of these consolidated financial statements.

MERCURY TOWERS LTD.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025

		Group		Company	
		2025	2024	**2025**	2024
			As Restated		
	Note	**Euro**	Euro	**Euro**	Euro
Cash flows from operating activities					
Loss for the year		**(14,518,922)**	(12,743,545)	**(8,190,731)**	(4,760,781)
Adjustments for:					
Depreciation of property, plant and equipment		**8,634,725**	3,939,516	**2,748,565**	949,318
Depreciation of investment property		**830,776**	-	**830,776**	-
Provision for expected credit losses		**(55,232)**	(252,504)	**-**	(399,736)
Gain on disposal of property, plant and equipment		**(7,600)**	-	**-**	-
Net finance costs		**8,735,749**	6,476,215	**2,196,286**	270,740
Tax expense		**321,495**	509,944	**2,871**	472,701
		3,940,991	(2,070,374)	**(2,412,233)**	(3,467,758)
Changes in:					
Inventories		**494,950**	210,327	**518,582**	430,861
Trade and other receivables		**906,150**	27,195	**3,605,696**	368,939
Trade and other payables		**5,698,860**	(961,161)	**2,854,836**	(1,998,336)
Contract liability		**(2,991,450)**	745,000	**(2,991,450)**	745,000
Cash from/(used in) operations		**8,049,501**	(2,049,013)	**1,575,431**	(3,921,294)
Taxes paid		**(164,942)**	(395,810)	**(142,662)**	(345,810)
Tax refunded		**30,562**	-	**-**	-
Net cash from/(used in) operating activities		**7,915,121**	(2,444,823)	**1,432,769**	(4,267,104)
Cash flows from investing activities					
Capital contribution to subsidiary company		**-**	-	**-**	(6,000,000)
Acquisition of property, plant and equipment		**(13,328,916)**	(36,589,705)	**(5,614,824)**	(9,143,383)
Proceeds from disposal of plant and equipment		**27,000**	-	**-**	-
Acquisition of investment property		**(2,312,709)**	(2,837,312)	**(2,312,709)**	(3,958,142)
Acquisition of investments in subsidiaries		**-**	-	**(2,400)**	-
Net cash (used in) investing activities		**(15,614,625)**	(39,427,017)	**(7,929,933)**	(19,101,525)
Cash flows from financing activities					
Issue of share capital		**15,000,000**	-	**15,000,000**	-
Proceeds from bond issue		**-**	20,000,000	**-**	-
Loan advanced by subsidiary		**-**	-	**-**	20,000,000
Loan advanced by ultimate beneficial owner		**1,859,622**	5,855,744	**1,853,958**	5,855,744
Net movement on bank borrowings		**(5,983,865)**	3,893,513	**(5,983,865)**	3,893,513
Movement in advances to related parties		**9,200,985**	17,939,219	**9,549,258**	24,005,760
Movement in advances from associate		**18**	-	**18**	-
Movement in advances to subsidiaries		**-**	-	**(8,726,231)**	(29,940,861)
Interest paid on bonds		**(4,108,750)**	(3,437,901)	**-**	-
Bank and other interest paid		**(4,626,999)**	(3,038,314)	**(2,196,286)**	(270,740)
Net cash from/(used in) financing activities		**11,341,011**	41,212,261	**9,496,852**	23,543,416
Net movement in cash and cash equivalents		**3,641,507**	(659,579)	**2,999,688**	174,787
Cash and cash equivalents at 1 January		**(1,267,021)**	(607,442)	**(754,884)**	(929,671)
Cash and cash equivalents at 31 December	17	**2,374,486**	(1,267,021)	**2,244,804**	(754,884)

The accompanying notes form an integral part of these consolidated financial statements.

1. Reporting entity

Mercury Towers Ltd. (the "Company") is a limited liability company domiciled and incorporated in Malta. The Company's registered office is at Mercury Towers, J Portelli Offices, Triq San Gorg, San Giljan STJ 3202, Malta.

The consolidated financial statements comprise the results and financial position of the Company, namely Mercury Towers Ltd., and its six subsidiaries, namely Mercury Projects Finance P.l.c., Mercury Hotel Ltd., Mercury Commercial Mall Ltd., Mercury Car Park II Ltd., Mercury Entertainment Limited and Mercury Condominium Limited, hereinafter referred to as the "Subsidiaries" and collectively referred to as the "Group", details of which are included under Note 13. All subsidiaries have a reporting date of 31 December.

2. Basis of preparation

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU. All references in these financial statements to IAS, IFRS or SIC/ IFRIC interpretations refer to those adopted by the EU. They have also been drawn up in accordance with the provisions of the Companies Act, 1995 (Chapter 386, Laws of Malta).

The Company prepares consolidated financial statements in accordance with IFRS 10 *Consolidated Financial Statements*.

2.2 Going concern basis

Based on the recent financial and non-financial information presented to the Board of Directors, and the long-term financial projections that support the bond issues and other external financing, the directors are satisfied that, at the time of approval of these financial statements, it is appropriate to adopt the going concern basis as an underlying assumption in the preparation of these financial statements. The directors also note the tangible commitment by the shareholder to inject further capital and loans from own sources to support and strengthen the Mercury Towers Group's financial position.

2.3 Basis of measurement

The financial statements of the Company and the Group have been prepared on the historical cost basis with the exception of investment property and immovable property within property, plant and equipment, which are stated at fair value. Gains or losses on fair value of investment property are recognized directly in the income statement, whereas movements in the valuation of property, plant and equipment are recognized in the statement of comprehensive income.

2.4 Functional and presentation currency

The financial statements are presented in Euro (€), which is the Company's and the Group's functional currency.

2.5 Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the note on ECL allowance for trade receivables under Note 23.3.

2. Basis for preparation *(Contd.)*

2.6 Measurement of fair values

A number of the Company's and the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Company and the Group use observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1:	quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2:	inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3:	inputs for the asset or liability that are not based on observable market data.

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company and the Group measure investment property and immovable property within property, plant and equipment at fair value.

2.7 New standards and interpretations

A number of amended standards became applicable for the current period and have been applied as necessary. The impact of the adoption of these revisions on the Company's and the Group's accounting policies and on the financial results are insignificant.

Certain new standards, amendments and interpretations to existing standards have been published by the date of the authorization for issue of these audited financial statements but are not mandatory for the the Company's and the Group's accounting period starting 1 January 2025. The Company and the Group may early adopt these revisions to the requirements of IFRSs as adopted by the EU. The Company's directors are of the opinion that there are no requirements that will have a significant impact on the financial statements in the period of initial application.

3. Significant accounting policies

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

3.1 Basis of consolidation

The Company and the Group consolidate its financial statements based on the following:

3.1.1 Subsidiaries and associates

A subsidiary is an entity which is controlled by the Company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control is presumed to exist when the parent has, directly or indirectly through subsidiaries, a majority of the shareholder's voting rights of an entity unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by another entity, are considered when assessing whether an entity has the power to govern the financial and operating policies of another entity.

3. Significant accounting policies *(Contd.)*

3.1 Basis of consolidation *(Contd.)*

3.1.1 Subsidiaries and associates (Contd.)

An investment in a subsidiary is initially measured at cost. After initial recognition, an investment in subsidiaries may be carried either under the cost method, that is at cost less any impairment losses or under the equity method. The Company carries investments in subsidiaries at cost less any accumulated impairment losses.

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Company holds between 20% and 50% of the voting power of another entity.

In the Company's and the Group's financial statements, investments in associates are accounted for on the basis of the direct equity interest and are stated at cost less any accumulated impairment losses.

An investment in a subsidiary or associate is derecognised upon disposal or dissolution. Gains or losses from derecognition represent the difference between the net proceeds (if any) and the carrying amount and are included in profit or loss in the period of derecognition.

3.1.2 Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealized income and expense arising from intra-group transactions are eliminated. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Company's and the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

3.2 Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the Company and the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss.

3.3.1 Recognition and initial measurement

Trade and other receivables are initially recognized when they originated. All other financial assets and financial liabilities are initially recognized when the Company and the Group become a party to the contractual provisions of the instrument.

A financial asset (unless it is a receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair Value Through Profit or Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A receivable without a significant financing component is initially measured at the transaction price.

3. Significant accounting policies *(Contd.)*

3.3 Financial instruments

3.3.2 Classification and subsequent measurement

3.3.2.1 Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair Value Through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company and the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company and the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

3.3.2.2 Financial assets – Business model assessment

The Company and the Group make an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's and the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

3.3.2.3 Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as a profit margin.

3. Significant accounting policies (Contd.)

3.3 Financial instruments *(Contd.)*

3.3.2.3 Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company and the Group consider the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making this assessment, the Company and the Group consider:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's and the Group's claim to cash flows from specified assets (e.g., non-recourse features).

A prepayment feature is consistent with the sole payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

3.3.2.4 Financial assets – Subsequent measurement and gains and losses

For financial assets at amortized cost, these assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

The Company's and the Group's financial assets comprise trade and other receivables and cash and cash equivalents.

3.3.2.5 Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

The Company's and the Group's financial liabilities comprise trade and other payables, borrowings and loans payable.

3.3.3 Derecognition

Financial assets

The Company and the Group derecognize a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company and the Group neither transfer nor retain substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

3. Significant accounting policies *(Contd.)*

3.3 Financial instruments *(Contd.)*

Financial liabilities

The Company and the Group derecognize a financial liability when its contractual obligations are discharged or cancelled or expire. The Company and the Group also derecognize a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

3.3.4 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company and the Group currently have a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

3.4 Share capital

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

3.5 Property, Plant and Equipment

Property

Items of property, including property under construction are measured at cost or valuation, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses. Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company and the Group.

Depreciation is calculated to write-off the cost of items of property less their estimated residual values using the straight-line method over their estimated useful lives of 50 years and is generally recognized in profit or loss. Land is not depreciated. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

No depreciation is taken on property under construction and depreciation commences only when the asset is ready and available for use.

Plant and Equipment

Items of plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

3.6 Property, Plant and Equipment *(Contd.)*

Deprecation is recognised in profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment. Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on all other items of plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following annual rates:

Buildings and finishes	-	2.00%
Mechanical and engineering works	-	6.67%
Plant and equipment	-	16.67%
Communication equipment	-	16.67%
Other equipment	-	10.00%
Flying theatre	-	6.67 %- 25%
Furniture and fixtures	-	10.00%
Office equipment	-	10.00%
Computer equipment and software	-	25.00%
Motor vehicles	-	20.00%

Apportioned land and airspace, buildings and mechanical and engineering works forming an integral part of the building are recognised at fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. At the end of each financial year, the directors assess whether there are any changes in fair value to report. Any movement on revaluation is reflected in the revaluation reserve in shareholders' equity. All other property, plant and equipment are recognised at historical costs less depreciation.

3.6 Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation, including property under construction for such purposes. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at open market value.

Apportioned land and airspace, buildings and mechanical and engineering works forming an integral part of the investment property are recognised at fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation. At the end of each financial year, the directors assess whether there are any changes in fair value to report. Any gains or losses arising from changes in the fair value of the investment property are included in the income statement in the period in which these arise.

Depreciation is calculated to write down the carrying amount of investment property using the straight-line method over its expected life of 50 years and is charged to the income statement. Apportioned land and airspace is not depreciated. Depreciation on investment property under construction commences when the asset is ready and available for use.

Buildings and Finishes	-	2.00%
Mechanical and engineering works	-	6.67%

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit and loss in the period in which the property is derecognized.

3. Significant accounting policies *(Contd.)*

3.7 Intangible assets

3.7.1 Externally acquired intangible assets

Externally acquired intangible rights, such as licences are recognized in the statement of financial position. Amortisations of intangible rights are disclosed under selling and marketing expenses and recording of an amortisation expense will commence when marketing of the product commences.

The license agreements are measured at their historical cost less accumulated amortisation and impairment. Intangible assets are amortised on a straight-line basis over the expected economic lives of the licenses. The license agreements will be amortised over 10 years from the date when these are put into use.

3.8 Loans receivable

Debt instruments representing financial assets where the contractual cash flows are solely principal and interest and the objective of the Company's and the Group's business model is achieved both by collecting contractual cash flows and where these give rise to cash flows that are solely payments of principal and interest on the principal amounts outstanding are measured at amortised cost using the effective interest method, less any impairment losses.

On derecognition, impairment or disposal of debt instruments, any gains or losses are recognised within the profit or loss.

3.9 Inventories

3.9.1 Property held for resale

Inventories comprising property held for resale are stated at the lower of cost and net realizable value. Cost comprises all costs of purchase, cost of conversion and other costs incurred to bringing the inventories to their present location and condition. Net realizable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the costs to be incurred in marketing, selling and distribution.

3.9.2 Goods for resale

Inventories of goods for resale are measured at the lower of cost and net realisable value. The cost of inventory is ascertained on a first-in first-out basis. Cost comprises all costs of purchases and other costs in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses. Inventory write downs and reversals are included in 'cost of sales'.

3.9.3 Food and Beverage

Inventories of food and beverage are measured at the lower of cost and net realisable value. The cost of inventory is ascertained on a first-in first-out basis. Cost comprises all costs of purchases and other costs in bringing the inventories to their present location and condition. Inventory write downs and reversals are included in 'cost of sales'.

3.9.4 Crockery, Cutlery and Glass

Base inventories for crockery, cutlery and glass are measured at the lower of cost and net realizable value. On the replacement of such items, cost is charged to the income statement.

3.9.5 Linens and Soft Furnishings

Base inventories for linens and soft furnishings are measured at the lower of cost and net realizable value. On the replacement of such items, cost is charged to the income statement.

3.9.6 Small Equipment

Base inventories for small equipment are measured at the lower of cost and net realizable value. On the replacement of such items, cost is charged to the income statement.

3. Significant accounting policies *(Contd.)*

3.10 Receivables

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. They are subsequently measured at amortized cost using the effective interest method, less expected credit losses.

Trade receivables are written off or provided for where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure by the debtor to abide by the credit terms or failure to engage in a repayment program with the Company for the settlement of amounts due.

Expected credit losses on trade receivables are presented within operating profit. Subsequent recoveries of amounts previously written off or provided for are credited against the same line item.

3.11 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, deposits at call with financial institutions, other short-term liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

3.12 Impairment

3.12.1 Financial assets

The Company and the Group recognizes loss allowances for Expected Credit Losses (ECLs) on financial assets at amortized cost, namely trade and other receivables and cash and cash equivalents.

The Company and the Group measure loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company and the Group consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's and the Group's historical experience and informed credit assessment and including forward-looking information.

The Company and the Group assume that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company and the Group consider a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company and the Group in full, without recourse by the Company and the Group to actions such as realizing security (if any is held); or
- the financial asset is more than 90 days past due.

The Company and the Group consider a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Company and the Group consider this to be BBB equivalent or higher rating as per the rating description of reputable credit rating agencies.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

3. Significant accounting policies *(Contd.)*

3.12 Impairment *(Contd.)*

3.12.1 Financial assets (Contd.)

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company and the Group are exposed to credit risk.

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company and the Group expect to receive).

ECLs are discounted at the effective interest rate of the financial asset. In the case of interest- free short-term financial assets, such as trade receivables, ECLs are not discounted.

Credit-impaired financial assets
At each reporting date, the Company and the Group assess whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company and the Group on terms that the Company and the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position
Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. Impairment losses related to trade and other receivables and cash and cash equivalents are presented separately in the statement of profit or loss.

Write-off
The gross carrying amount of a financial asset is written off when the Company and the Group have no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company and the Group individually make an assessment with respect to the timing and amount of write-off on its financial assets based on whether there is a reasonable expectation of recovery and with reference to its historical experience of recoveries. The Company and the Group expect no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's and the Group's procedures for recovery of amounts due.

The carrying amounts of the Company's and the Group's non-financial assets, other than investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

3. Significant accounting policies *(Contd.)*

3.12 Impairment *(Contd.)*

3.12.1 Financial assets (Contd.)

Write-off (Contd.)
The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

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

3.13 Employee benefits

Defined contribution plans
The Company and the Group contribute towards the state's defined contribution plan in accordance with local legislation. Such contributions are immediately recognized in profit or loss.

3.14 Revenue

3.14.1 Revenue from contracts with customers
The Company's and the Group's revenue from contracts with customers is derived from the sale of apartments in airspace or shell form in Mercury Towers in St. Julians, Malta. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company and the Group recognize revenue when it transfers control over a product or service to a customer.

Performance obligations and revenue recognition policies
The following provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including the related revenue recognition policies.

Satisfaction of performance obligation
The sale of apartments in airspace or shell form constitutes a single performance obligation and the Company and the Group have determined that this is satisfied at the point in time when control transfers. For contracts for sale of airspace and shell, this generally occurs when registration of the definitive deed takes place and the legal title is transferred to the customer. An apartment is completed in shell form when it is roofed, and it is deemed roofed when the architect issues an instalment certificate. If apartments are sold in a finished state, this would comprise a separate performance obligation.

Payments are received in instalments as per the terms and conditions of the promise of sale agreement. Any payments received are recognized as deposits and are classified within trade and other payables. Upon the satisfaction of the performance obligation as per contract, revenue is realized and recognized in the income statement.

3. Significant accounting policies *(Contd.)*

3.14 Revenue *(Contd.)*

Other consideration related to the sale of property
In determining the transaction price, the Company and the Group consider the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

For some contracts involving the sale of property, the Company and the Group are entitled to receive an initial deposit. This is not considered a significant financing component because it is for reasons other than the provision of financing to the Company and the Group. The initial deposits are used to protect the Company and the Group from the other party failing to adequately complete some or all of its obligations under the contract where customers do not have an established credit history or have a history of late payments. In addition, there is no non-cash consideration or consideration payable to customers.

3.14.2 Rendering of hotel accommodation services
Revenue comprises the fair value of the consideration received or receivable for the provision of hotel accommodation and ancillary services rendered in the ordinary course of business. Revenue for services is recognised in the period in which they are rendered. Revenues are shown net of value added tax, rebates and discounts.

3.14.3 Rental income
Revenue comprises rental income receivable from the leasing of property in the ordinary course of business. Rental income is recognised in the income statement over the term of the lease.

3.14.4 Rendering of car parking services
Revenue comprises the fair value of the consideration received or receivable for the provision of car parking services rendered in the ordinary course of business. Revenue for services is recognised in the period in which these are rendered. Revenues are shown net of value added tax, rebates and discounts.

3.14.5 Rendering of other services
Revenue also comprises the fair value of the consideration received or receivable for the provision of ancillary services in the ordinary course of business. Revenue for services is recognised in the period in which they are rendered. Revenues are shown net of value added tax, rebates and discounts.

3.15 Operating profit/(loss)

Operating profit/(loss) is the result generated from the continuing principal revenue producing activities of the Company and the Group as well as other income and expenses related to operating activities. Operating profit/(loss) excludes net finance costs and income taxes.

3.16 Finance income and finance costs

Finance income comprises interest income. Interest income is recognized as it accrues, using the effective interest method.

Finance costs comprise interest expense on bonds issued, borrowings and other payables, as set out in the notes to these financial statements. Finance costs are recognized as an expense in profit and loss in the period in which they are incurred.

3. Significant accounting policies *(Contd.)*

3.17 Bond issue costs

Bond issue costs, representing fees incurred in connection with the issuance of the bonds by the Subsidiary Company, were recharged to the Parent Company, as the beneficiary of the funding. Accordingly, the intra-group recharge costs are eliminated in accordance with the basis of consolidation per Note 3.1.

Bond issue costs at the Company and the Group level are deferred over the term of the bond and annually amortized using the effective interest method.

3.18 Income taxes

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized directly in equity or in other comprehensive income.

3.18.1 Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax payable also includes any tax liability arising from the declaration of dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

3.18.2 Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences.

If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences are considered, based on the business plans of the Company and the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

4. Revenue

4.1 Revenue streams

	Group		Company	
	2025	2024	**2025**	2024
	Euro	Euro *As Restated*	**Euro**	Euro *As Restated*
Property	**4,887,100**	4,145,400	**4,887,100**	4,145,400
Car park	**425,699**	278,264	**-**	-
Commercial mall	**5,503,196**	3,888,084	**-**	-
Hotel	**7,717,637**	321,768	**-**	-
Operational	**6,580,900**	1,253,941	**7,291,365**	1,145,987
	25,114,532	9,887,457	**12,178,465**	5,291,387

The revenue generated during 2025 and 2024 was recognized at the point in time when control was transferred to the customer or when services were rendered.

Restatement of comparative figures
Operational revenue and cost of sales have been restated following reclassifications of water and electricity recharges as further detailed under Note 33 to the financial statements.

4.2 Contract balances

A contract asset is the right to consideration in exchange for goods or services transferred to the customer when that right is conditioned on something other than the passage of time, for example, billings require certification by the customer. Upon receipt of such certification from a customer, the amount recognized as contract assets is reclassified to trade receivables. Contract assets are subject to impairment assessment. During the year, the Company and Group contract assets amounted to € nil.

A contract liability is the obligation to transfer goods or services to a customer for which the Company and the Group have received consideration (or an amount of consideration is due) from the customer. Contract liabilities are recognized as revenue when the Company and the Group satisfy the performance obligation per contract (i.e., transfers control of the related goods or services to the customer).

In the comparative period, the Company and the Group held contract liabilities amounting to € 2,991,450 which were recognized within trade and other payables (see Note 24). Contract liabilities related to the advance consideration received from customers for the finishing of apartments, for which revenue is recognized at a point in time when the apartments are finished. During 2025, on completion of finishings of the respective apartments, revenue amounting to € 2,991,450 was recognized in the income statement.

5. Cost of sales

Included with cost of sales for the year, there are direct costs associated with new activities of the Company and the Group and these are split as follows:

	Group		Company	
	2025	2024	**2025**	2024
	Euro	Euro *As Restated*	**Euro**	Euro *As Restated*
Property	**3,525,103**	3,629,806	**3,525,103**	3,629,806
Car park	**218,841**	117,464	**-**	-
Commercial mall	**373,712**	179,041	**-**	-
Hotel	**3,561,427**	776,068	**-**	-
Operational	**7,753,991**	1,606,015	**7,928,091**	1,468,990
	15,433,074	6,308,394	**11,453,194**	5,098,796

The operational cost of sales for the Company and the Group include water and electricity costs net of recharges as follows:

	Group		Company	
	2025	2024	**2025**	2024
	Euro	Euro	**Euro**	Euro
Water and Electricity Costs	**1,823,254**	448,800	**2,035,995**	448,800
Water and Electricity Recharged to:				
Subsidiary companies	**-**	-	**(566,960)**	(101,922)
Related entities	**(78,274)**	-	**(78,274)**	-
Residents and tenants	**(417,279)**	(324,641)	**(417,279)**	(324,641)
Net Water and Electricity Costs	**1,327,701**	124,159	**973,482**	22,237

Restatement of comparative figures
Operational revenue and cost of sales have been restated following reclassifications of water and electricity recharges as further detailed under Note 33 to the financial statements.

6. Other operating income/(expenditure)

Other operating income/(expenditure) which are not considered to be part of the main revenue generating activities of the Company and the Group are presented separately below:

	Group		Company	
	2025	2024	**2025**	2024
	Euro	Euro	**Euro**	Euro
Recharge of expenses	**15,101**	64,302	**-**	-
Gain on disposal of property, plant and equipment	**7,600**	-	**-**	-
	22,701	64,302	**-**	-

7. Operating loss

7.1 The results from operating activities of the Company and the Group are stated after charging the following:

	Group		Company	
	2025	2024	**2025**	2024
	Euro	Euro	**Euro**	Euro
Auditors' remuneration	**92,160**	66,816	**40,000**	31,600
Auditors' remuneration - Non-audit services	**7,000**	5,550	**2,600**	2,600
Depreciation	**9,465,501**	3,939,516	**3,605,683**	949,318
Directors' fees	**108,085**	108,000	**-**	-
Personnel costs	**7,105,527**	3,356,100	**5,143,954**	1,536,650
Professional, consultancy and management fees	**946,655**	811,699	**415,897**	698,367
IT related expenses	**413,454**	400,747	**325,428**	364,373

7.2 Personnel information

Personnel expenses incurred by the Company and the Group during the year are analyzed as follows:

	Group		Company	
	2025	2024	**2025**	2024
	Euro	Euro	**Euro**	Euro
Salaries	**6,828,300**	3,144,728	**4,293,497**	2,143,588
Social costs	**521,635**	211,372	**317,911**	137,663
Total salary costs	**7,349,935**	3,356,100	**4,611,408**	2,281,251
Salaries allocated from subsidiary company	**-**	-	**878,714**	-
Salaries allocated to subsidiary companies	**-**	-	**(239,385)**	(744,601)
Salaries allocated to related companies	**(244,408)**	-	**(106,783)**	-
Net salary costs	**7,105,527**	3,356,100	**5,143,954**	1,536,650

7.2.1 In this initial period of operations, the Company, acting as a finance and administrative company for the Group, incurred substantial and non-rechargeable salary costs because of delays in the opening and operation of certain elements within the Mercury Towers Complex. These costs are not expected to be recurring in the future.

7.2.2 During the year under review, salary costs incurred and charged by the Company amounting to € 239,385 (2024: € 744,601) and € 878,714 (2024: € nil) respectively, were allocated to/from its subsidiary companies. These allocations are eliminated on consolidation.

7.2.3 The average weekly number of persons employed by the Company and the Group during the year was as follows:

	Group		Company	
	2025	2024	**2025**	2024
	No.	No.	**No.**	No.
Administration, direct and selling	**258**	104	**158**	70

8. Finance costs

	Group		Company	
	2025	2024	**2025**	2024
	Euro	Euro	**Euro**	Euro
Bank overdraft and loan interest	**4,626,999**	2,919,156	**2,196,286**	151,582
Interest on bonds	**4,108,750**	3,437,901	**-**	-
Other interest due to depositors	**-**	119,158	**-**	119,158
	8,735,749	6,476,215	**2,196,286**	270,740

8.1 The Company's and the Group's infrastructure and operations are financed through the Company who obtained fundings for the realisation and operation of the Company's and the Group's component companies. Accordingly, the Company allocates interest to its subsidiaries in accordance with the financing made available to the individual component company. The overall interest allocated by the Company to its subsidiaries during 2025 amounted to € 4,470,829 (2024: € 5,366,664). These amounts are eliminated on consolidation.

9. Tax expense

9.1 Tax recognized in profit or loss

	Group		Company	
	2025	2024	**2025**	2024
	Euro	Euro	**Euro**	Euro
Current taxation				
Final withholding tax at 5% or 8% on property sales	**142,662**	345,810	**142,662**	345,810
Current tax at 35%	**48,875**	37,243	**-**	-
	191,537	383,053	**142,662**	345,810
Deferred taxation				
Originating from temporary differences	**129,958**	126,891	**(139,791)**	126,891
Total tax expense	**321,495**	509,944	**2,871**	472,701

9.2 Reconciliation of effective tax rate

	Group		Company	
	2025	2024	**2025**	2024
	Euro	Euro	**Euro**	Euro
Profit/(loss) before taxation	**(14,197,427)**	(12,233,601)	**(8,187,860)**	(4,288,080)
Tax using the domestic tax rate of 35%	**(4,969,099)**	(4,281,760)	**(2,865,751)**	(1,500,828)
Tax effect of:				
Non-taxable income	**(1,047,008)**	(139,908)	**(1,047,008)**	(139,908)
Non-deductible expenses	**4,570,241**	2,806,042	**2,525,166**	1,696,108
Different tax rates	**(520,825)**	(1,105,080)	**(520,825)**	(1,105,080)
Tax effect of capital allowances absorbed	**(149,522)**	(309,543)	**-**	-
Tax effect of tax losses carried forward/(absorbed)	**2,307,750**	3,376,059	**2,051,070**	1,395,518
Current tax expense	**191,537**	345,810	**142,662**	345,810

9. Tax expense *(Contd.)*

9.3 Recognized deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following for the Company and the Group:

	Group		Company	
	2025	2024	**2025**	2024
	Euro	Euro	**Euro**	Euro
Assets/(Liabilities):				
Revaluation of property, plant and equipment	**(7,467,813)**	(7,467,813)	**-**	-
Revaluation of investment property	**(6,797,029)**	(6,797,029)	**(6,797,029)**	(6,797,029)
Other temporary and deducible differences	**(111,607)**	18,351	**158,142**	18,351
Deferred tax asset/(liability)	**(14,376,449)**	(14,246,491)	**(6,638,887)**	(6,778,678)

No deferred tax is being accounted for on unutilized capital allowances and statutory losses available.

10. Property, plant and equipment

10.1 The Group's property, plant and equipment are made up as follows:

Group

	At 01.01.25	Reclass.	Additions	Disposals	**At 31.12.25**
	Euro	Euro	Euro	Euro	**Euro**
Cost/Valuation:					
Apportioned land and airspace	37,828,656	(1,937,026)	-	-	**35,891,630**
Buildings and finishes	75,424,057	67,748,264	7,482,255	-	**150,654,576**
Mechanical and engineering works	14,098,888	5,056,053	-	-	**19,154,941**
Plant and equipment	680,100	(671,500)	1,817,159	-	**1,825,759**
Communication equipment	452,037	-	-	-	**452,037**
Other equipment	339,890	-	34,970	-	**374,860**
Flying theatre	8,399,017	-	-	-	**8,399,017**
Furniture and fixtures	3,444,746	11,193,769	3,907,690	-	**18,546,205**
Office equipment	11,623	-	8,619	-	**20,242**
Computer equipment and software	489,887	-	153,220	-	**643,107**
Motor vehicles	48,500	-	-	(48,500)	**-**
Assets under construction	39,775,946	(39,775,946)	-	-	**-**
	180,993,347	41,613,614	13,403,916	(48,500)	**235,962,374**

	At 01.01.25	Reclass.	Charge For Year	Released On Disposal	**At 31.12.25**
	Euro	Euro	Euro	Euro	**Euro**
Depreciation:					
Buildings and finishes	2,152,128	-	3,284,774	-	**5,436,902**
Mechanical and engineering works	1,397,078	-	1,461,659	-	**2,858,737**
Plant and equipment	113,659	-	192,641	-	**306,300**
Communication equipment	75,340	-	82,844	-	**158,184**
Other equipment	65,699	-	69,012	-	**134,711**
Flying theatre	763,488	-	789,636	-	**1,553,124**
Furniture and fixtures	419,405	-	2,586,593	-	**3,005,998**
Office equipment	1,722	-	3,446	-	**5,168**
Computer equipment and software	139,754	-	164,120	-	**303,874**
Motor vehicles	29,100	-	-	(29,100)	**-**
	5,157,373	-	8,634,725	(29,100)	**13,762,998**
Net book amount	175,835,974				**222,199,376**

10. Property, plant and equipment *(Contd.)*

10.2 The Company's property, plant and equipment are made up as follows:

Company

	At 01.01.25	Reclass.	Additions	At 31.12.25
	Euro	Euro	Euro	**Euro**
Cost/Valuation:				
Apportioned land and airspace	-	8,341,543	-	**8,341,543**
Buildings and finishes	-	32,573,633	-	**32,573,633**
Mechanical and engineering works	-	773,438	-	**773,438**
Plant and equipment	-	-	1,817,159	**1,817,159**
Communication equipment	452,037	-	-	**452,037**
Other equipment	69,458	-	5,084	**74,542**
Flying theatre	8,399,017	-	-	**8,399,017**
Furniture and fittings	373,727	-	3,715,685	**4,089,412**
Office equipment	5,593	-	8,621	**14,214**
Computer equipment and software	86,391	-	68,275	**154,666**
	9,386,223	41,688,614	5,614,825	**56,689,661**

	At 01.01.25	Reclass.	Charge For Year	At 31.12.25
	Euro	Euro	Euro	**Euro**
Depreciation:				
Buildings and finishes	-	-	651,472	**651,472**
Mechanical and engineering works	-	-	51,563	**51,563**
Plant and equipment	-	-	302,860	**302,860**
Communication equipment	75,340	-	75,340	**150,680**
Other equipment	11,615	-	7,454	**19,069**
Flying theatre	763,488	-	789,636	**1,553,124**
Furniture and fittings	112,303	-	817,882	**930,185**
Office equipment	1,119	-	2,843	**3,962**
Computer equipment and software	30,467	-	49,515	**79,982**
	994,332	-	2,748,565	**3,742,897**
Net book amount	8,391,891			**52,946,764**

10.3 Following a reorganization exercise during 2021, various elements of the Mercury Towers Complex were transferred to Mercury Hotel Ltd., Mercury Commercial Mall Ltd. and Mercury Car Park II Ltd. with a view that these be operated by the respective wholly owned subsidiaries. Meanwhile, the Company also maintained certain elements of the Complex to be operated in its own name.

10.4 The hotel property is stated at cost since at the time of valuation the during 2024, the hotel was not yet completed. The property will be revalued at the time when the next valuation is undertaken.

10.5 Included within the value of apportioned land and airspace and buildings, there is a revaluation increase of € 64,641,006 as determined by external independent valuers reflected in the financial year ended 31 December 2023. The directors have reviewed the values attributed to the property in the last valuation report and after assessing the current market conditions and the assumptions previously applied, they do not consider reflecting any changes to the value of the property during the year under review.

10. Property, plant and equipment *(Contd.)*

10.6 Included within the cost of the Company's and the Group's property are capitalized bank borrowing costs relating to the acquisition of the apportioned land and the assets in the course of construction for € nil (2024: € 1,258,210), and which costs are calculated using a capitalization rate of 6%, and an amount of € nil (2024: € 2,250,000) calculated using capitalized rates emanating from the Company's loan with its subsidiary. As a result, the Group's accumulated capitalized borrowing costs amounting to € 8,307,210 (2024: € 8,307,210) are eliminated from the property value upon consolidation in accordance with Note 3.1. As a result, the property balance at Group level amounted to € 186,546,206 (2024: € 153,028,659) as at year-end.

10.7 During the year, various components of property within the project and the respective mechanical and engineering works previously classified within investment property were fully completed and in operation. Accordingly, these were reclassified to property, plant and equipment and depreciation thereon started to be charged over their remaining useful life.

10.8 Property owned by the Group is subject to special hypothecs in favour of creditors for funds borrowed (see Notes 20 and 22).

11. Intangible assets

11.1 The intangible assets for the Company and the Group were as follows:

	Group		Company	
	2025	2024	**2025**	2024
	Euro	Euro	**Euro**	Euro
Cost:				
Licenses	**300,000**	300,000	**300,000**	300,000

11.2 As at year end, no amortization is being taken on intangible assets as these were not yet put into use.

12. Investment property

12.1 The Group's investment property was as follows:

Group

	At 01.01.25	Additions	Reclass.	At 31.12.25
	Euro	Euro	Euro	**Euro**
Cost/Valuation:				
Apportioned land and airspace	10,246,612	-	(8,432,654)	**1,813,958**
Buildings and finishes	68,825,688	2,312,709	(40,158,486)	**30,979,911**
Mechanical and engineering works	4,360,077	-	(1,094,459)	**3,265,618**
Assets under construction not yet put into use	-	-	7,996,985	**7,996,985**
	83,432,377	2,312,709	(41,688,614)	**44,056,472**

	At 01.01.25	Charge For Year	Reclass.	At 31.12.25
	Euro	Euro	Euro	**Euro**
Depreciation:				
Buildings and finishes	-	613,067	-	**613,067**
Mechanical and engineering works	-	217,709	-	**217,709**
	-	830,776	-	**830,776**
Net book amount	83,432,377			**43,225,696**

12.2 The Company's investment property was as follows:

Company

	At 01.01.25	Additions	Reclass.	At 31.12.25
	Euro	Euro	Euro	**Euro**
Cost/Valuation:				
Apportioned land and airspace	10,246,612	-	(8,432,654)	**1,813,958**
Buildings and finishes	74,314,315	2,312,709	(40,158,486)	**36,468,538**
Mechanical and engineering works	4,360,077	-	(1,094,459)	**3,265,618**
Assets under construction not yet put into use	-	-	7,996,985	**7,996,985**
	88,921,004	2,312,709	(41,688,614)	**49,545,099**

	At 01.01.25	Charge For Year	Reclass.	At 31.12.25
	Euro	Euro	Euro	**Euro**
Depreciation:				
Buildings and finishes	-	613,067	-	**613,067**
Mechanical and engineering works	-	217,709	-	**217,709**
	-	830,776	-	**830,776**
Net book amount	88,921,004			**48,714,323**

12. Investment property *(Contd.)*

12.3 Included within the value of apportioned land and airspace and buildings, there is a revaluation increase of € 11,568,124 as determined by external independent valuers reflected in the financial year ended 31 December 2023. The directors have reviewed the values attributed to the property in the last valuation report and after assessing the current market conditions and the assumptions previously applied, they do not consider reflecting any changes to the value of the property during the year under review.

12.4 Included within cost of the Company's and the Group's investment property are capitalized borrowing costs related to the acquisition of the apportioned land and the assets in the course of construction of € nil (2024: € 875,010), calculated using a capitalization rate of 4.75%, and an amount of € nil (2024: € 1,120,829) calculated using capitalized rates emanating from the Company's loan with its subsidiary. As a result, the Company's accumulated capitalized borrowing costs amounting to € 5,488,627 (2024: € 5,488,627) that relate directly to investment property are eliminated from the property value upon consolidation in accordance with Note 3.1. As a result, the investment property balance at Group level amounted to € 43,225,696 (2024: € 83,432,377) as at year-end.

12.5 The Company's and the Group's investment property comprises property retained for the purpose of revenue generation or capital appreciation.

During the year, various components of property within the project and the respective mechanical and engineering works previously classified within investment property were fully completed and in operation by the Company and the Group. Accordingly, these were reclassified to property, plant and equipment and depreciation thereon started to be charged over their remaining useful life.

Components of property and the respective mechanical and engineering works classified under investment property, other than the assets under construction, were fully put into use during the year, hence depreciation started to be charged over the remaining useful life. No depreciation was charged in the comparative period, as investment property was not yet put into use.

Apportioned land and buildings classified as investment property as at 31 December 2023 were valued by external independent qualified valuers, namely EM Architects during April 2024. The external independent valuers have a recognised and relevant professional qualification and have experience in the location and category of the property being valued.

The valuation methodology of the investment property is based upon its market value under the highest and best use premise, taking into consideration its location, use, size and accessibility together with existing planning constraints. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

The significant unobservable input impacting this valuation relates to the market value per square meter. The estimated fair value would increase/(decrease) depending on the market prices of similar property and the general economic trend of the country.

12.6 Investment property owned by the Company and the Group is subject to special hypothecs in favour of creditors for funds borrowed (see Notes 22 and 23).

13. Investment in subsidiaries

	Group		Company	
	2025	2024	**2025**	2024
	Euro	Euro	**Euro**	Euro
Equity investments:				
Investment in subsidiary companies at cost	**-**	-	**256,000**	253,600
Capital contribution	**-**	-	**6,000,000**	6,000,000
Total investment in subsidiaries	**-**	-	**6,256,000**	6,253,600

13.1 In the comparative period, the Company affected a contribution of € 6,000,000 to a subsidiary company which funds are repayable at the discretion of the same subsidiary company.

13.2 The following information relates to the Company's subsidiaries:

Details of subsidiary	Incorp. in	% Holding 2025	% Holding 2024	Nature of business
Mercury Projects Finance P.l.c.	Malta	**100%**	100%	Financing vehicle
Mercury Hotel Ltd.	Malta	**100%**	100%	Operation of hotel
Mercury Commercial Mall Ltd.	Malta	**100%**	100%	Operation of commercial areas
Mercury Car Park II Ltd.	Malta	**100%**	100%	Operation of car park
Mercury Entertainment Limited	Malta	**100%**	-	Non-trading
Mercury Condominium Limited	Malta	**100%**	-	Non-trading

13.3 On 3 June 2025, the Company incorporated Mercury Entertainment Limited and Mercury Condominium Limited as wholly owned subsidiary companies. As at the end of the financial reporting period, both entities were non-trading.

14. Investment in associate

	Group		Company	
	2025	2024	**2025**	2024
	Euro	Euro	**Euro**	Euro
Equity investments:				
Investment in associated company at cost	**1,500**	1,500	**1,500**	1,500
Total investment in associate	**1,500**	1,500	**1,500**	1,500

14.1 The following information relates to the Company's investment in the associate:

Details of associate	Incorp. in	% Holding 2025	% Holding 2024	Nature of business
Mercury Car Park Ltd.	Malta	**25%**	25%	Non-trading

14.2 Mercury Car Park Ltd. (the "Associate") has not been in operation as at year-end, and the unaudited financial statements as at 31 December 2024 show a negative equity position. The cost of this investment has not been impaired as it is not material to the Company and the Group. The Company intends to increase its shareholding in the associated company to become a subsidiary and eventually merge with the Company after year end.

15. Interest bearing receivables

	Group		Company	
	2025	2024	**2025**	2024
	Euro	Euro	**Euro**	Euro
Non-current:				
Loans due from subsidiary companies	**-**	-	**93,057,252**	95,076,846
Total other receivables	**-**	-	**93,057,252**	95,076,846

15.1 The loans due from the subsidiary companies are unsecured and have no fixed date for repayment. As noted in Note 8.1, the Company's and the Group's infrastructure and operations are financed through the Company who obtained fundings for the realisation and operation of the Company's and the Group's component companies. Accordingly, the Company allocates interest to its subsidiaries in accordance with the financing made available to the individual component company. These amounts are eliminated on consolidation.

15.2 The Company's and the Group's exposure to credit risk related to other receivables is disclosed in Note 26.3. No provision for Expected Credit Losses was considered necessary on the above balances due from the subsidiary companies, since should the subsidiary companies default, the Company controls the cashflow of the Group and can therefore manage the resources as the need arises. The directors have therefore assessed that the Probability of Default and Loss Given Default are non-existent.

16. Inventories

16.1 The Company's and the Group's inventories were as follows:

	Group		Company	
	2025	2024	**2025**	2024
	Euro	Euro	**Euro**	Euro
Property held for resale:				
Cost of apportioned land and direct expenses	**575,126**	1,326,837	**575,126**	1,326,837
Cost of construction and development	**182,017**	129,317	**182,017**	129,317
	757,143	1,456,154	**757,143**	1,456,154
Other inventories:				
Restaurant inventory	**234,949**	47,806	**234,949**	47,806
Shop inventory	**139,456**	146,170	**139,456**	146,170
Glassware and other equipment	**22,658**	22,658	**-**	-
Linen	**220,240**	196,608	**-**	-
Small equipment	**2,295**	2,295	**-**	-
	624,598	415,537	**374,405**	193,976
Total inventories	**1,376,741**	1,871,691	**1,131,548**	1,650,130

16.2 Inventories of property held for resale owned by the Company and the Group are subject to special hypothecs in favour of creditors.

17. Trade and other receivables

	Group		Company	
	2025	2024	**2025**	2024
	Euro	Euro	**Euro**	Euro
Non-current:				
Accrued capital costs refundable	-	1,590,166	-	1,590,166
Current:				
Trade receivables	**4,026,012**	2,576,589	**1,138,662**	1,980,282
Advances and other payments to related contractor	-	5,395,206	-	5,395,206
Deposits to suppliers	**31,000**	91,497	**31,000**	31,000
Other capital costs receivable	-	972,210	-	972,210
Other receivables	**153,698**	107,621	**146,220**	50,876
Accrued income	**591,145**	41,369	**1,928,691**	-
Deferred bond related costs	**1,318,164**	1,528,647	**1,318,164**	1,528,647
Prepayments and deferred costs	**246,555**	228,433	**168,677**	147,470
Other taxes	-	80,957	-	16,865
Amounts receivable from related parties	**749,493**	816,083	**254,686**	51,656
Amounts receivable from associate	**3,255,407**	3,255,425	**3,255,407**	3,255,425
Amounts receivable from subsidiaries	-	-	**44,735,979**	36,313,077
	10,371,474	15,094,037	**52,977,486**	49,742,714
Total trade and other receivables	**10,371,474**	16,684,203	**52,977,486**	51,332,880

17.1 No provision for expected credit losses on the Company's trade receivables was considered necessary during the year, as the majority of the balances represent current balances which were recovered after year end.

17.2 In the comparative period, accrued capital costs refundable and other capital costs receivable consisted of works and capital expenditure carried out on third party restaurants within the Company's premises for which management has not yet called for reimbursement. During the current year, these capital costs were taken over by the Company and thus capitalized within Furniture and Fixtures under Note 10.

17.3 In the comparative period, advances and other prepayments included advance payments made by the Company and the Group to a related company, namely Mercury Contracting Projects Ltd. (hereinafter "MCPL"), for contracting works which MCPL was to deliver to the Company and the Group in the near future.

17.4 Amounts due from related parties and subsidiary companies are interest free, unsecured and repayable on demand. Amounts receivable for the Company and the Group from related parties, subsidiaries and deposits held as guarantee are stated net of provisions for expected credit losses amounting to € Nil (2024: € Nil).

17.5 The Company's and the Group's exposure to credit risk related to trade and other receivables is disclosed in Note 26.3. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the historical payment profiles and the corresponding historical credit losses experienced within this period. The Company and the Group use judgement in making these assumptions and selecting the inputs to the impairment calculation based on the Company's and the Group's history, existing market conditions, as well as forward looking estimates at the end of each reporting period.

17. Trade and other receivables *(Contd.)*

17.6 The Group measures the ECL of receivables from related entities based on an internally generated Altman Z-score rating, which includes but is not limited to reviews of country rating and other public and non-public available information. Based on this information, the rating can be subjected to post-model adjustment by a maximum of two notches. These internally generated rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the trade and other receivables.

18. Cash and cash equivalents

	Group		Company	
	2025	2024	**2025**	2024
	Euro	Euro	**Euro**	Euro
Cash in hand	**90,707**	-	**48,826**	-
Bank balances	**4,205,679**	786,742	**3,107,806**	272,133
	4,296,386	786,742	**3,156,632**	272,133
Bank overdraft	**(1,921,900)**	(2,053,763)	**(911,828)**	(1,027,017)
Net cash and cash equivalents in the statement of financial position	**2,374,486**	(1,267,021)	**2,244,804**	(754,884)

18.1 The Company's and the Group's exposure to credit risk related to cash and cash equivalents is disclosed in Note 26.3. The directors do not consider the Company and the Group having any credit risk exposure with respect to such balances, as these are all held with highly-rated institutions.

19. Capital and reserves

19.1 Share capital

	Group		Company	
	2025	2024	**2025**	2024
	Euro	Euro	**Euro**	Euro
Authorized				
30,000,000 (2024 - 20,500,000) Ordinary Shares of € 1 each	**30,000,000**	20,500,000	**30,000,000**	20,500,000
Issued and Fully Paid Up				
30,000,000 (2024 - 15,000,000) Ordinary Shares of € 1 each	**30,000,000**	15,000,000	**30,000,000**	15,000,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

19. Capital and reserves *(Contd.)*

19.2 Reserves

19.2.1 Revaluation Reserve

This reserve represents the movement between the cost of property classified under property, plant and equipment and their fair values as revalued by independent architects, net of deferred taxation. Movements on revaluation are recognised directly under other comprehensive income.

19.2.2 Investment Property Reserve

This reserve represents transfers out of retained earnings equivalent to the gain or loss between the cost of investment properties and their fair values as valued by external independent valuers, net of deferred taxation. Gains or losses in fair value of investment property are recognized directly in the income statement.

20. Interest bearing borrowings

	Group		Company	
	2025	2024	**2025**	2024
	Euro	Euro	**Euro**	Euro
Non-current:				
Loan I due to subsidiary company	-	-	**11,500,000**	11,500,000
Loan II due to subsidiary company	-	-	**10,944,358**	10,944,358
Loan III due to subsidiary company	-	-	**50,000,000**	50,000,000
Loan IV due to subsidiary company	-	-	**20,000,000**	20,000,000
Total interest bearing borrowings	-	-	**92,444,358**	92,444,358

The loans are subject to the following terms:

Loan	Interest	Repayable by	Security
Loan I	4.75%	13 March 2027	Immovable property of the Company
Loan II	5.25%	13 March 2031	Immovable property of the Company
Loan III	4.50%	15 April 2032	Special hypothec on Hotel and immovable property of the Company
Loan IV	5.50%	25 August 2034	Immovable property of the Company

These intra-group balances are eliminated upon consolidation, in accordance Note 3.1.

21. Non-interest bearing borrowings

	Group		Company	
	2025	2024	**2025**	2024
	Euro	Euro	**Euro**	Euro
Non-current:				
Advances from shareholder	**7,714,876**	5,855,744	**7,709,702**	5,855,744
Total non-interest bearing borrowings	**7,714,876**	5,855,744	**7,709,702**	5,855,744

21.1 The amounts due to the shareholder are unsecured, interest-free and have no fixed date of repayment. The shareholder is expected to inject further cash amounting to up to € 11 million into the Company, with the intention that these funds be capitalized before the end of 2026.

22. Bonds payable

	Group		Company	
	2025	2024	**2025**	2024
	Euro	Euro	**Euro**	Euro
Non-current:				
3.75% Series I Bonds 2027	**11,500,000**	11,500,000	-	-
4.25% Series II Bonds 2031	**11,000,000**	11,000,000	-	-
4.30% Bonds 2032	**50,000,000**	50,000,000	-	-
5.30% Bonds 2034	**20,000,000**	20,000,000	-	-
	92,500,000	92,500,000	-	-

22.1 Mercury Projects Finance P.l.c., the subsidiary, has issued a two-series bond during 2019. The bonds comprise Series I, which amounts to € 11,500,000 repayable at a coupon rate of 3.75% p.a. and matures in 2027; and Series II, which amounts to € 11,000,000 repayable at a coupon rate of 4.25% p.a. and matures in 2031. The Company acts as a guarantor for both bond series. These bonds are secured by a first general hypothec for an amount of € 25,874,845 on a number of specific areas within the Mercury Towers project managed by the Company.

22.2 On 22 March 2022, Mercury Projects Finance P.l.c., the subsidiary, issued a further € 50,000,000 4.30% Secured Bonds of € 100 each, maturing in 2032. On 14 April 2022, the bond was fully subscribed and the proceeds from this bond issue were advanced by way of another loan facility to the Company for the purpose of construction and finishing of the hotel at the Mercury Towers project and for general corporate funding. This bond is guaranteed by the Company and secured by a first ranking special hypothec on the immoveable property of a subsidiary, namely Mercury Hotel Ltd., valued at € 62,130,000.

22.3 On 25 July 2024, Mercury Projects Finance P.l.c., the subsidiary, issued a further € 20,000,000 5.3% secured bonds of € 100 each, maturing in 2034. On 26 August 2025, the bond was fully subscribed and the proceeds from this bond issue were advanced by way of another loan facility to the Company, for the purpose of finishing the last elements of the Mercury Towers project and also for the general corporate funding. This bond is guaranteed by the Company, Mercury Towers Ltd., and secured by a first ranking special hypothec on the immoveable property held by the Company.

22.4 The quoted market price as at 31 December 2025 for the 3.75% Bonds was € 97.00 (2024: € 98.97) whilst the quoted market price of the 4.25% Bonds was € 96.51 (2024: € 99.85). The quoted market price of the 4.3% Bonds was € 96.90 (2024: € 100) whilst the quoted market price of the 5.3% Bonds was € 99.75 (2024: € 102.30).

23. Bank borrowings

	Group		Company	
	2025	2024	**2025**	2024
	Euro	Euro	**Euro**	Euro
Non-current:				
Bank loan I	**14,386,813**	15,227,338	**14,386,813**	15,227,338
Bank loan II	**11,452,387**	12,120,071	**11,452,387**	12,120,071
Bank Loan V	**7,695,413**	8,150,888	**7,695,413**	8,150,888
Bank loan VI	**6,248,075**	6,510,820	**6,248,075**	6,510,820
Bank loan VII	**12,442,783**	13,183,577	**12,442,783**	13,183,577
Bank loan VIII	**6,716,403**	-	**6,716,403**	-
Bank loan IX	**8,904,954**	9,441,332	**8,904,954**	9,441,332
Bank loan X	**2,871,264**	3,000,000	**2,871,264**	3,000,000
Bank loan XI	-	4,613,905	-	4,613,905
Bank loan XII	**4,354,767**	-	**4,354,767**	-
	75,072,859	72,247,931	**75,072,859**	72,247,931
Current:				
Bank loans	**5,200,056**	14,008,849	**5,200,056**	14,008,849
Bank overdrafts	**1,921,900**	2,053,763	**911,828**	1,027,017
	7,121,956	16,062,612	**6,111,884**	15,035,866
Total bank borrowings	**82,194,815**	88,310,543	**81,184,743**	87,283,797

23.1 During the year the Company and the Group restructured its bank loan facilities. The bank loans are secured by a special hypothec and a special privilege on the Company's and the Group's immovable property, a general hypothec on the Company's and the Group's assets, and general hypothecary guarantees over assets of the shareholder and a number of his entities, other guarantees given to the bank and other contractual undertakings.

Following a restructuring of the loan facilities, the bank loans are subject to interest rate at 4.75% per annum and are repayable as follows:

	Loan Principal	Repayment Schedule			
		Tranche 1	Tranche 2	Tranche 3	Tranche 4
		November 2025 to October 2030	November 2030 to October 2035	November 2035 to October 2040	November 2040 till full settlement
	Euro	**Euro**	**Euro**	**Euro**	**Euro**
Bank loan I	**15,387,541**	84,394	104,242	128,298	157,165
Bank loan II	**12,249,007**	66,385	82,981	102,130	125,109
Bank Loan V	**8,230,697**	44,607	55,759	68,626	84,067
Bank loan VI	**6,682,691**	36,218	45,272	55,719	68,256
Bank loan VII	**13,308,103**	72,110	90,137	110,938	135,899
Bank loan IX	**9,524,370**	51,618	64,523	79,413	97,280
		December 2025 to November 2030	December 2030 to November 2035	December 2035 to November 2040	December 2040 till full settlement
	Euro	**Euro**	**Euro**	**Euro**	**Euro**
Bank loan VIII	**7,171,935**	37,961	47,451	58,401	71,541
Bank loan X	**3,066,000**	16,228	20,285	24,967	30,584
Bank loan XII	**4,652,572**	24,817	31,022	38,180	46,771

24. Trade and other payables

	Group		Company	
	2025	2024	**2025**	2024
	Euro	Euro	**Euro**	Euro
Non-Current:				
Other taxes	**145,681**	279,944	**-**	-
Other social taxes	**1,563,704**	612,370	**1,018,871**	437,164
	1,709,385	892,314	**1,018,871**	437,164
Current:				
Trade payables	**4,747,735**	1,840,430	**3,763,353**	1,092,248
Amounts due to related contractor	**4,363,167**	685	**4,363,167**	-
Deposits received on promise of sale	**-**	1,730,939	**-**	1,730,939
Deposits received in advance	**222,589**	60,856	**131,380**	-
Deferred income	**205,000**	-	**205,000**	-
Other taxes	**1,966,831**	234,756	**124,179**	-
Other social taxes	**1,007,981**	327,350	**723,017**	210,406
Contract liability	**-**	2,991,450	**-**	2,991,450
Accrued expenses	**4,076,696**	3,235,656	**3,722,303**	3,372,257
Other payables	**122,253**	37,309	**25,475**	15,728
Amounts due to related companies	**9,605**	632,898	**-**	6,085
Amounts due to subsidiary company	**-**	-	**-**	303,329
Amounts due to shareholder	**490**	-	**-**	-
	16,722,347	11,092,329	**13,057,874**	9,722,442
Total trade and other payables	**18,431,732**	11,984,643	**14,166,745**	10,159,606

24.1 During 2025, a subsidiary company entered into an agreement with the Commissioner for Tax and Customs for the settlement of overdue other indirect taxes relating to 2024 amounting to € 393,181 to be paid within 3 years from February 2025 at € 11,250 per month. The subsidiary company fell behind on the repayments due, resulting in the current portion of other indirect taxes to include the monthly repayments due for 2025 and 2026 on the agreement along with the current other indirect taxes balances due. In April 2026, the subsidiary company effected a bulk payment of € 157,500 and regulated its position with respect to the agreement up to April 2026.

Meanwhile, no agreement has been reached with the Commissioner for Tax and Customs on current other indirect taxes relating to 2025 amounting to € 1,719,331 due by the said subsidiary company. However, management is planning to reach an agreement on the repayment of these balances in 2026.

24.2 During the year, the Company and a subsidiary entered into an agreement with the Commissioner for Tax and Customs for the settlement of overdue other social taxes relating to 2024 amounting to € 582,660 and € 197,135 to be paid within 3 years from 18 April 2025 at € 16,185 and € 7,310 per month respectively. The Company and the subsidiary have defaulted on repayments for October – December 2025 and thus these monthly repayments are included with the current portion due in 2026.

Meanwhile, during 2026 another agreement has been reached with the Commissioner for Tax and Customs by both entities for the settlement of overdue other social taxes relating to 2025 amounting to € 1,137,045 and € 632,673 to be paid within 5 years from 18 April 2026 through a deposit of € 147,825 and € 94,894 payable by 31 March 2026 with the remaining balance being repaid at € 16,487 and € 8,963 per month respectively.

24. Trade and other payables *(Contd.)*

24.3 In the comparative period, the contract liability comprised an advanced consideration received from customers for the finishing of apartments, for which revenue was recognized during the year as the apartments were fully finished (Note 4.2).

24.4 Amounts due to the subsidiary and related companies are interest free, unsecured and repayable on demand.

24.5 The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value.

25. Fair Value Hierarchy

The Company's and the Group's financial assets and liabilities are all stated at cost.

26. Financial risk management

26.1 Introduction and overview

The Company and the Group have exposure to the following risks from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Company's and the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Company's and the Group's management of capital.

26.2 Risk management framework

The directors have overall responsibility for the establishment and oversight of the Company's and the Group's risk management framework. The Company's and the Group's risk management policies are established to identify and analyze the risks faced by the Company and the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's and the Group's activities.

26.3 Credit risk

Credit risk is the risk of financial loss to the Company and the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. In the case of the Company, credit risk arises principally from subsidiaries and associate companies' receivables. As for the Group, credit risk arises principally from trade receivables.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. The Company's and the Group's policy is to place cash with financial institutions of a high credit rating.

26. Financial risk management *(Contd.)*

26.3 Credit risk *(Contd.)*

The carrying amounts of financial assets represent the maximum credit exposure. The Company's and the Group's exposure to credit risk are analyzed as follows:

	Group		Company	
	2025	2024	**2025**	2024
	Euro	Euro	**Euro**	Euro
Other receivables	**-**	-	**93,057,252**	95,076,846
Trade and other receivables	**10,371,474**	16,684,203	**52,977,486**	51,332,880
Cash and cash equivalents	**4,296,386**	786,742	**3,156,632**	272,133
	14,667,860	17,470,945	**149,191,370**	146,681,859

Expected credit losses on financial assets recognized in profit or loss were as follows:

	Group		Company	
	2025	2024	**2025**	2024
	Euro	Euro	**Euro**	Euro
Expected credit losses on trade and other receivables	**55,232**	252,504	**-**	399,436

26.3.1 Trade and other receivables

The Company's and the Group's credit risk on trade and other receivables arises mainly from amounts receivable from related parties.

Expected credit loss assessment for amounts receivable from related parties and subsidiaries

As at 31 December 2025, the gross current carrying amount on the amounts receivable from related parties and subsidiaries for the Company amounts to € 48,246,072 (2024: € 47,639,752) and for the Group amounts to € 4,004,900 (2024: € 4,071,508). The Group measures the ECL of receivables from related entities based on an internally generated Altman Z-score rating, which includes but is not limited to reviews of country rating and other public and non-public available information. Based on this information, the rating can be subjected to post-model adjustment by a maximum of two notches. These internally generated rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's and the Group's view of economic conditions over the expected lives of the trade and other receivables.

26.3.2 Cash and cash equivalents

The Company and the Group held cash and cash equivalents of € 3,156,632 and € 4,296,386 respectively as at 31 December 2025. Cash and cash equivalents amounting to € 3,107,806 and € 4,205,679 respectively are held with credit institutions, which are rated BBB- based on Standard and Poor's ratings.

The first € 100,000 out of the year-end balance held by the Company and the Group in the credit institution is not exposed to credit risk as it is protected under the depositor compensation scheme, based on the EU Directive 2014/49/EU on deposits guarantee schemes. An impairment assessment on the remaining balances held by the Company and the Group amounting to € nil (2024: € nil) have been measured on a 12-month expected loss basis, reflecting the short maturity of the exposure. The Company and the Group consider that this remaining balance of cash and cash equivalents has a low credit risk based on the external credit ratings of the counterparties.

Based on the above, the amount of impairment allowance on cash and cash equivalents at 31 December 2025 is € nil (2024: € nil).

26. Financial risk management *(Contd.)*

26.4 Liquidity risk

Liquidity risk is the risk that the Company and the Group will encounter difficulty in meeting obligations in respect of its financial liabilities that are settled by delivering cash or another financial asset.

26.4.1 Management of liquidity risk

The Company's and the Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's and the Group's reputation.

26.4.2 Exposure to liquidity risk

The key measure used by the Company and the Group for managing liquidity risk is the availability of liquid funds to meet repayment obligations when these falls due.

Group	Carrying Amount	Total	Within 12 Months	Between 1-5 Years	Over 5 Years
	Euro	Euro	Euro	Euro	Euro
31 December 2025					
Non-interest bearing borrowings	**7,714,876**	**7,714,876**	**-**	**-**	**7,714,876**
Bonds payable	**92,500,000**	**120,757,500**	**4,108,750**	**26,641,250**	**90,007,500**
Bank borrowings	**80,272,915**	**80,272,915**	**5,200,056**	**20,997,140**	**54,075,719**
Trade and other payables	**18,431,732**	**18,431,732**	**16,722,347**	**1,709,385**	**-**
	198,919,523	**227,177,023**	**26,031,153**	**49,347,775**	**151,798,095**
31 December 2024					
Non-interest bearing borrowings	5,855,744	5,855,744	-	-	5,855,744
Bonds payable	92,500,000	124,866,250	4,108,750	27,072,500	93,685,000
Bank borrowings	88,310,543	98,565,583	19,893,896	48,111,802	30,559,885
Trade and other payables	11,984,643	11,984,643	11,092,329	892,314	-
	198,650,930	241,272,220	35,094,975	76,076,616	130,100,629

Company	Carrying Amount	Total	Within 12 Months	Between 1-5 Years	Over 5 Years
	Euro	Euro	Euro	Euro	Euro
31 December 2025					
Interest bearing borrowings	**92,444,358**	**122,634,331**	**4,470,829**	**27,744,565**	**90,418,937**
Non-interest bearing borrowings	**7,709,702**	**7,709,702**	**-**	**-**	**7,709,702**
Bank borrowings	**80,272,915**	**80,272,915**	**5,200,056**	**20,997,140**	**54,075,719**
Trade and other payables	**14,166,745**	**14,166,745**	**13,057,874**	**1,018,871**	**-**
	194,593,720	**224,783,693**	**22,728,759**	**49,760,576**	**152,204,358**
31 December 2024					
Interest bearing borrowings	92,444,358	124,367,025	4,471,107	31,753,548	88,142,370
Non-interest bearing borrowings	5,855,744	5,855,744	-	-	5,855,744
Bank borrowings	87,283,797	97,538,837	18,867,150	48,111,802	30,559,885
Trade and other payables	10,159,606	10,159,606	9,722,442	437,164	-
	195,743,505	237,921,212	33,060,699	80,302,514	124,557,999

26. Financial risk management *(Contd.)*

26.4 Liquidity risk *(Contd.)*

26.4.2 Exposure to liquidity risk (Contd.)

Trade and other payables in the comparative period include deposits on promise of sale agreements entered into with customers which materialized into revenue upon signature of deed of sales. There were no deposits on promise of sale agreements during the year under review.

26.5 Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads will affect the Company's and the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

26.5.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk arises on interest-bearing financial instruments recognized in the statement of financial position.

The Company's and the Group's interest-bearing financial assets comprise cash at bank and the Company's and the Group's interest-bearing financial liabilities comprises borrowings, loan payable to a subsidiary and other payable. The Company's and the Group's interest-bearing financial liabilities are entered into at a fixed rate. Thus, a 100 basis points increase or decrease in interest rates as at the reporting date would not have a significant impact on the Company's and the Group's profit or loss and equity as only the cash at bank is subject to a variable interest rate.

At the reporting date the interest rate profile of the Company's and the Group's fixed and variable interest-bearing financial instruments were as follows:

	Group		Company	
	2025	2024	**2025**	2024
	Euro	Euro	**Euro**	Euro
Fixed-rate instruments				
Bonds payable	**92,500,000**	92,500,000	**-**	-
Bank borrowings	**80,272,915**	88,310,543	**80,272,915**	87,283,797
Loans payable to subsidiary	**-**	-	**92,444,358**	92,444,358
Variable-rate instruments				
Bank balances	**1,921,900**	2,053,763	**911,828**	1,027,017

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased the Company's and the Group's equity and profit or loss by € 19,219 (2024: € 20,538) and € 9,118 (2024: € 10,270) respectively. A decrease of 100 basis points in interest rates would have had the equal but opposite effect on equity and profit or loss. This analysis assumes that all other variables remain constant.

26.5.2 Fair values versus carrying amounts

The carrying amount of financial assets and liabilities that are measured at amortized cost approximates the fair value at the reporting date. The directors believe that the Company's and the Group's own credit risk and that of the borrowers has not changed in a way that would impact significantly the fair value of these financial assets and liabilities. All financial assets and liabilities are short term in nature.

26. Financial risk management *(Contd.)*

26.5 Market risk *(Contd.)*

26.5.3 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

At reporting date, the Group was not exposed to any significant currency risk.

26.6 Capital management

The directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The directors' objectives are to safeguard the ability for the Company and the Group to continue as a going concern, so that they can continue to provide returns for shareholders and benefits 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 Company and the Group may adjust the amount of dividends paid to shareholder, return capital to the shareholder, issue new shares or sell assets to reduce debt. The directors monitor the return on capital as well as the level of dividends to ordinary shareholders.

The Company and the Group are not subject to externally imposed capital requirements.

27. Related parties

27.1 Ultimate controlling party

The Company and the Group are wholly owned by Mr. Joseph Portelli, who is the ultimate controlling party.

27.2 Identity of related parties

The Group has a related party relationship with its subsidiaries and entities controlled by the same directors of the Group ("other related parties").

27.3 Related party balances

Information on amounts due to/by related parties is set out in Notes 15, 17, 20, 21 and 24 to these financial statements.

27.4 Related party transactions carried out by the Group during the year

	Group		Company	
	2025	2024	**2025**	2024
	Euro	Euro	**Euro**	Euro
Related Companies				
Sales to	**145,185**	657,707	**145,185**	183,831
Cost of construction - property	**(14,914,086)**	(39,674,543)	**7,434,210**	(9,403,073)
Cost of construction - inventories	**-**	(3,978,651)	**-**	(3,978,651)
Services acquired from	**55,222**	-	**-**	-
Reallocation of Wages	**106,783**		**106,783**	-
Expenses recharged from	**37,093**	(797)	**(1,578)**	(797)
Net funds advanced by/(to) related contractor	**9,757,688**	(5,920,178)	**9,758,373**	(23,922,089)
Net funds advanced by/(to) other related parties	**556,703**	23,859,397	**(209,115)**	47,927,849

27. Related parties *(Contd.)*

27.4 Related party transactions carried out by the Group during the year *(Contd.)*

	Group		Company	
	2025	2024	**2025**	2024
	Euro	Euro	**Euro**	Euro
Subsidiaries and Associated Companies				
Sales to	-	-	**12,384**	185,505
Services and goods received from	-	-	**(95,941)**	-
Services and goods provided to	-	-	**95,316**	-
Interest paid to	-	-	**(4,470,829)**	(3,774,665)
Reallocation of interest	-	-	**6,847,716**	5,366,664
Reallocation of operating costs	-	-	**167,967**	-
Reallocation of wages to / (from)	-	-	**639,149**	744,601
Rent expense recharged from	-	-	**(500,000)**	-
Expenses recharged from	-	-	**(1,601,428)**	(46,167)
Loan advanced to	-	-	-	20,000,000
Net funds advanced by/(to)	**18**	-	**(8,726,213)**	(35,940,861)
Shareholder				
Net funds advanced by	**1,859,622**	5,855,744	**1,853,958**	5,855,744

The above transactions do not include accrued costs recharged to subsidiary and related companies. During the year, there were accrued water and electricity costs recharged to subsidiary and related companies amounting to € 566,960 and € 78,273 respectively, and rent recharged to a subsidiary company amounting to € 709,833. Transactions with subsidiary companies are eliminated upon consolidation.

Amounts due to and from related parties are disclosed in Notes 15, 17, 20, 21 and 24 to these financial statements. The net movements on related companies' balances are shown in the cash flow statement.

The key management of the Company and the Group are considered to be the directors. The directors' remuneration for the Company and the Group has been disclosed in Note 7 to these financial statements.

28. Capital commitments

There are no capital commitments to report as at the time of issue of these financial statements.

29. Contingent liabilities

At year end, the Company and the Group had the following contingent liabilities:

(i) The Company acts as the Guarantor in favour of the bond holders for the bonds issued by a subsidiary company amounting to € 92.5 million, through a first general hypothec on a number of specific areas within the Mercury Towers Complex;

(ii) A Group company is acting as surety to the bond holders in connection with a bond issue for € 50 million through a first ranking special hypothec on immovable property of the subsidiary;

(iii) The Company has issued guarantees totalling € 550,000 in favour of third parties.

30. IFRS as adopted by the EU

The Company and the Group accounting policies set out in Note 3 have been applied in preparing the financial statements for the year ended 31 December 2025.

31. Economic outlook

The recent escalation of geopolitical tensions in the Middle East has increased uncertainty in the global economic environment. At present, there is minimal impact on the Company's and the Group's operations. However, management continues to monitor developments closely and will assess potential implications as the situation evolves.

Particular attention will be given to the increases in fuel prices and the impact on the tourism industry.

32. Subsequent events

32.1 Injections of funds

During the year under review, the shareholder has injected € 7 million into the Company with the intention that these funds, together with further injections € 11 million made or still to be made, totalling € 18 million, will be capitalised before the end of 2026.

32.2 Contribution in kind

On 23 April 2026, the ultimate beneficial owner made a further contribution in-kind to the Group amounting to € 2,650,000 consisting of operational equipment within the entertainment arena.

32.3 Other

The directors have evaluated other subsequent events since 31 December 2025 up to the date of approval of these financial statements and concluded that there were no subsequent events which require disclosure in the financial statements.

33. Comparative figures

During the previous year, water and electricity recharges amounting to € 426,564 were included within operational revenue. During the year under review such recharges are being netted off from the water and electricity expenses included within cost of sales. Accordingly, the comparative figures have been restated to reflect such reclassification.

Certain comparative figures have been adjusted to conform to the current year's presentation of balances.

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MERCURY TOWERS LTD.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the individual financial statements of Mercury Towers Ltd. (the "Company") and the consolidated financial statements of the Company and its subsidiaries (together, the "Group") set out on pages 8 to 51, which comprise the statement of financial position of the Company and the Group as at 31 December 2025, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Company and the Group for the period then ended, and notes to the financial statements, including significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company and the Group as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and have been properly prepared in accordance with the Companies Act, 1995 (Chapter 386, Laws of Malta).

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 Company and the Group in accordance with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the *Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta,* and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Company and the Group 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 Company and the Group in the period from 1 January 2025 to 31 December 2025, are disclosed in Note 7 to the financial statements.

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MERCURY TOWERS LTD.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our Audit Approach
As part of designing our audit, we determined materiality and assessed the risk of material misstatements in the financial statements. In particular, we considered where the director made subjective judgements, such as in respect of significant estimates that involved making assumptions and considering future events that are inherently uncertain. As in all 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.

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 consideration the structure of the Company and the Group, the accounting processes and controls, and the industry in which the Company and the Group operate.

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.

The Company's and the Group's land and buildings, including mechanical and engineering works therein being disclosed within property, plant and equipment, and also within investment properties, are stated at fair values as revalued by EM Architects, who are external independent qualified valuers.

We identified the valuation of such immovable properties as a significant risk, requiring special audit consideration. The Company's and the Group's accounting policy is to undertake a valuation of its immovable properties every 3 years. As part of the audit procedures for the year ended 31 December 2024, we appointed another independent architect for a second opinion on the valuation assumptions and methodologies adopted by the former architect appointed by the Company and the Group. Accordingly, for the year under review, we relied on the prior year's valuation obtained, since following discussions with the directors, we did not identify any material concerns on the reasonableness of the valuation and methodology applied by the architects in determining the valuation of the property at year end.

Other Information
The directors are responsible for the other information. The other information comprises the directors' report.

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

With respect to the directors' report, we also considered whether the directors' report includes the disclosures required by Article 177 of the Companies Act (Cap. 386).

Based on the work performed, 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 Companies Act (Cap. 386).

In addition, in light of the knowledge and understanding of the Company and the Group and their environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the directors' report and other information. We have nothing to report in this regard.

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MERCURY TOWERS LTD.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Responsibilities of Management and Those Charged with Governance for the Company's Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements of the Company and the Group in accordance with IFRS as adopted by the EU, and for such internal control as management determines 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, management is responsible for assessing the Company's and the Group'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 management either intends to liquidate the Company and the Group or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting.

Auditors' Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements of the Company and the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 consolidated 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 Company's and the Group's internal control.

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

- Conclude on the appropriateness of management's 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 Company's and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the consolidated 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 auditors' report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MERCURY TOWERS LTD.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Auditors' Responsibilities for the Audit of the Financial Statements (Contd.)

- 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, related safeguards.

Other Legal and Regulatory Requirements

We also have responsibilities under the Companies Act, 1995 (Chapter 386, Laws of Malta), to report to you if, in our opinion:

- Adequate accounting records have not been kept;
- The financial statements are not in agreement with the accounting records;
- We have not received all the information and explanations we required for our audit;

We have nothing to report to you in respect of these responsibilities.

Other Matter – Use of this Report

Our report, including our opinions, have been prepared for and only for the Company's shareholder in accordance with Article 179 of the Malta Companies Act (Cap.386) and for no other purposes. We do not, in giving our opinion, 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 to by our prior written consent.

This copy of the audit report has been signed by
Donald Sant for and on behalf of

Baker Tilly Malta
Registered Auditors
Level 5
Rosa Marina Building
216, Marina Seafront
Pieta' PTA 9041
Malta

30 April 2026