ANNUAL REPORT 2024-25

PAVI SHOPPING COMPLEX QORMI
PAMA SHOPPING VILLAGE MOSTA
A member of PG Group

ZARA ZARAHOME

PG plc
A member of PG Group

PG p.l.c.

Annual Financial Report

30 April 2025

Readers are reminded that the official statutory Annual Financial Report 2025, authorised for issue by the Board of Directors, is in European Single Electronic Format (ESEF) and is published on the Malta Stock Exchange portal https://www.borzamalta.com.mt/. A copy of the Independent auditor’s report issued on the official statutory Annual Financial Report 2025, is included within this document and comprises the auditor’s report on compliance with the requirements of the European Single Electronic Format Regulatory Technical Standard (the ESEF RTS), by reference to Capital Markets Rule 5.55.6.

Company Registration Number: C78333

Directors' report

The directors present their Annual Financial Report for the year ended 30 April 2025.

Principal activities

The Group operates an integrated retail platform in Malta that brings together supermarket, fashion and home retailing with complementary property and shared service activities. During the year, the Board has adopted a single, integrated view of the business whereby management and performance monitoring are now aligned to one retail operation, reflecting the way in which the Group's assets and capabilities are deployed to serve customers across our brands and locations. In line with this unified strategy, shared services such as procurement, logistics, pricing, marketing, technology and people management are coordinated across the unified portfolio to drive efficiency and a consistent customer experience to our retail proposition.

Unified retail operations

The Group's operations focus on retailing to the Maltese market, which is in turn underpinned by different core activities that are managed synergistically under management's new unified strategy:

- Two destination shopping complexes, Pavi Shopping Complex and Pama Shopping Village, anchored by full-service supermarkets and supported by a curated mix of complementary retail and service outlets; both complexes offer convenient accessibility, coupled with extensive free car parking.

- The operation of Zara and Zara Home as franchisee of the Inditex Group.

The Group's supermarkets continue to act as the key anchors at Pavi and Pama. Each store is laid out on a single floor with a logical, customer-friendly design and extensive checkout capacity to support efficient customer flows at peak times.

The Group also manages and lets retail and commercial units within the complexes to third-party operators whose specialist offerings complement our own, broadening the customer proposition and reinforcing each site as a shopping destination. These property-related activities are managed as part of the Group's integrated retail ecosystem.

The Group has operated the Zara franchise in Malta since 2001 from a freehold flagship store on Tower Road, Sliema—one of the island's prime retail locations with high footfall and one of the largest Zara establishments in Europe. The Sliema outlet also includes one floor dedicated to Zara Home, alongside two further Zara Home outlets which are located within the Pama and Pavi complexes.

Directors' report - continued

Review of the business

Trading operations

The 2025 financial year was defined by a challenging market environment. Despite this, the group successfully achieved growth by adapting to new consumer trends and investing in strategic initiatives. Turnover for the year ended 30 April 2025 amounted to €202,015,000 (€198,084,000 in 2024) representing a growth of 2%. Operations were negatively impacted by major roadworks adjacent to Pama Shopping Village and Pavi Shopping Complex, which hindered access to the sites. Notwithstanding this, our competitive pricing was noted by consumers and resulted in sustainable footfall growth which continued to be a driving factor for the growth in sales. Zara and Zara Home operations maintained their strong performance over the course of the year.

We have continued to enhance our competitiveness by locking the pricing of over 1,500 articles marketed under 'Super Prices everyday' and launching a weekly new offer marketed under 'Below Cost' campaign. Despite a challenging economic environment marked by inflationary pressure, particularly in payroll costs, our strategic focus on affordability and value for consumers remains central to our operations. Operational costs increased by 3%, yet price increases were minimized as the Group absorbed the majority of these rising expenses to maintain highly competitive pricing. Operating cost increments, coupled with the pricing strategy adopted by the group in its supermarkets and changes in sales mix, resulted in a drop of 1.1% in the group's overall gross profit margin.

The resultant operating profit amounted to €17,979,000, a decrease of 9.9% over the comparative of €19,961,000 recorded in 2024.

Net finance costs amounted to €756,000, compared to €1,314,000 in the previous financial year, a decrease of 42.5%. This decrease is mainly coming from interest income earned on financial assets.

The group's profit before taxation amounted to €17,121,000, compared to €18,742,000 in 2024. The group incurred an effective tax expense of 27.7% (27.7% in 2024), which reflects in part the final tax of 15% on rental income received. The profit after taxation for the year under review amounted to €12,385,000, a decrease of 8.6% over the 2024 comparative of €13,543,000.

Group equity increased by 7.4% to €73,850,000 at 30 April 2025, when compared to 2024, as a result of the retained profits for the year under review.

Directors' report - continued

Review of the business - continued

Cash flow, financing and associated financial and other risks and uncertainties

The group generated a net cash flow from operating activities of €22,630,000 (€18,757,000 in 2024), which was applied in the main towards the payment of dividends, the purchase of property, plant and equipment and towards investing in debt securities. As at 30 April 2025, PG p.l.c. had a positive gearing position with cash in hand and quoted debt securities, net of bank borrowings, of €11,606,000.

The business of the group continues to be conducted in a prudent manner seeking to avoid undue levels of risk that could impair its resilience when faced with unfavourable market conditions or that could inhibit its ability to capitalise on suitable opportunities that may be identified from time to time. In particular:

- The major part of purchases and other expenditure, and all revenues, are denominated in euro thus limiting the currency risk.

- The group operates retail businesses where the granting of credit is limited and the credit risk carried is low in the overall context of the group.

- The group maintains a healthy relationship with its suppliers and care is taken to respect agreed credit terms. Prudence is exercised in cash management to ensure that the group maintains at any point in time a material liquidity cushion to be able to withstand adverse conditions that may develop, in particular, of an international nature.

Further information on the group's financial risk management is set out in note 2 to the financial statements.

Results and Dividends

The income and equity movements statements are set out on pages 29 and 30 to 31 respectively.

An interim net dividend of €2,750,000 was distributed by the company in December 2024. A second net dividend of €4,500,000 was distributed in July 2025. The total net dividend distributed from the profits earned in the financial year ended 30 April 2025 thus amounted to €7,250,000 which is the same level of dividend distributed in 2024.

Directors' report - continued

Review of the business - continued

Investments and Capital Expenditure

The Board is pleased to report that our investment strategy during the year was successful in both strengthening our core business and laying the groundwork for future growth. Our capital allocation decisions were guided by our commitment to enhance operational efficiency, expanding our market reach, and developing innovative product offerings.

We will continue to evaluate opportunities that align with our strategic pillars of sustainability, customer-centricity, and operational excellence. We believe these strategic investments will be crucial for maintaining our competitive advantage and delivering sustainable value to our shareholders.

Outlook for financial year ending 30 April 2026

The group concluded the financial year in a robust position, with our core business delivering a sustainable performance. The operations are affected by inflationary cost pressures and geopolitical instability while seeing stronger competitive activity within the local market. However, we remain prudent in our outlook, recognising that there are a number of potential risks and opportunities that may influence our future performance.

Looking ahead at the current financial year, group sales in the first quarter increased by 8%. These results demonstrate our unwavering commitment to delivering the best value in the market without compromising on quality, and our continued efforts to protect and enhance our competitive edge.

The group's business model is based on the retail of foodstuffs, an essential commodity, and two franchise brands that offer excellent value for money at affordable prices. The group has a strong and experienced management team and adequate financial resources. The Board is confident that its customer centric strategies will continue to enable PG Group to achieve successful, sustainable results and provide value to its shareholders.

Directors' report - continued

Directors

The directors of the company as at the date of this report are:

Mr William Spiteri Bailey*– Non-Executive Chairman
Mr Paul Gauci – Executive Vice-Chairman
Mr Malcolm Camilleri** – Executive Director & Chief Executive Officer
Mr Gianluca Borg*** – Executive Director & Deputy Chief Executive Officer
Ms Claire Alexia Borg Gauci – Non-Executive Director
Ms Maria Micallef – Non-Executive Director
Mr Lawrence Zammit – Non-Executive Director.

Mr William Spiteri Bailey* was appointed as Non-Executive Chairman on 17 January 2025, instead of Mr John Zarb, previous Non-Executive Chairman, who retired on the same date.

Mr Malcolm Camilleri** was appointed to the Board on 28 October 2024 and simultaneously appointed as Chief Executive Officer instead of Mr Charles Borg, previous Chief Executive Officer, who retired on the same date. Mr Gianluca Borg*** was appointed as Deputy Chief Executive Officer on 28 October 2024 in stead of Mr Malcolm Camilleri, who previously occupied said role.

In accordance with the company's Memorandum and Articles of Association, Mr William Spiteri Bailey and Mr Lawrence Zammit will retire by rotation at the next Annual General Meeting and, being eligible, have been nominated, and accordingly offered themselves, for re-appointment.

Statement of directors' responsibilities for the financial statements

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

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

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

Directors' report - continued

Statement of directors' responsibilities for the financial statements - continued

The directors are also responsible for designing, implementing and maintaining internal control as necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Companies Act. They are also responsible for safeguarding the assets of the group and the parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements of PG p.l.c. for the year ended 30 April 2025 are included in this Annual Financial Report 2025, of which this Directors' report also forms part, that is published on the group's website (www.pggroup.com.mt) and available in hard copy printed form upon request. The directors are responsible for the maintenance and integrity of the Annual Financial Report on the website in view of their responsibility for the controls over, and the security of, the website. Access to information published on the group's website is available in other countries and jurisdictions, where legislation governing the preparation and dissemination of financial statements may differ from requirements or practice in Malta.

The directors confirm that to the best of their knowledge:

- the financial statements give a true and fair view of the financial position of the group and the parent company as at 30 April 2025, and of the financial performance and the cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU; and

- the Annual Financial Report includes a fair review of the development and performance of the business and the position of the group and the parent company, together with a description of the principal risks and uncertainties that the group and the parent company face.

Going concern basis

After making due enquiries and taking account of all known factors that could impact the group's operations, the directors, at the time of approving the financial statements, have determined that there is reasonable expectation that the group and the parent company have adequate resources to continue operating for the foreseeable future. For this reason, the directors have adopted the going concern basis in preparing the financial statements.

Additional information pursuant to Capital Markets Rule 5.64

Details of the company's share capital are disclosed in note 14 of the financial statements on page 66.

The issued share capital consists of one class of ordinary shares with equal voting rights attached. All shares are freely transferable.

Mr Paul Gauci owns 68.38% of the issued share capital of the company. No other shareholder holds 5% or more of the share capital of the company.

Mr Paul Gauci also exercises the voting rights on 4,250,000 ordinary shares, equivalent to 3.93% of the company's issued share capital, which he had in past years donated to various charitable institutions. The institutions concerned have expressed their preference not to be involved in the decision making of a commercial concern, and the voting rights of the shares in question accordingly continue to be exercised by Mr Gauci.

Directors' report - continued

Additional information pursuant to Capital Markets Rule 5.64 - continued

At present, in terms of the Articles of Association of the company, the board of directors shall consist of a maximum of eight (8) directors, one of whom shall be the Chief Executive Officer. Once appointed to office in accordance with the provisions of the Articles of Association of the Company, a director (not being the Chief Executive Officer, who shall be appointed to the board by virtue of his office following his engagement by the company) may serve in office for a minimum period of three (3) years and a maximum period of five (5) years, unless s/he resigns or is earlier removed or is due to retire by rotation in accordance with the Articles of Association of the company, provided that a director whose term of office expires shall be eligible for re-appointment.

The term of office of all directors (excepting the Chief Executive Officer) shall be of three (3) years, following which one third of such directors shall retire by rotation. In every subsequent year, 1/3 of the directors or, if their number is not three (3) or a multiple of three (3), then the number nearest 1/3, shall retire from office.

The appointment of the directors (not being the Chief Executive Officer, as aforesaid) shall take place at the Annual General Meeting of the company. The Articles of Association of the company provide for a mechanism pursuant to which recommendations of prospective directors to the Remuneration Committee and Nominations Committee (the "**RemNom Committee**") may be made by any shareholder or shareholders holding in the aggregate not less than €250,000 in nominal value of shares having voting rights in the company. No person shall be or become entitled to act or take office as a director of the company unless approved by the RemNom Committee, which is empowered by the Articles of Association of the company to reject any recommendation made if in its considered opinion, the appointment of the person so recommended as a director could be detrimental to the company's interests or if such person is not considered as fit and proper to occupy that position. Where the number of candidates approved by the RemNom Committee is more than the number of vacancies on the board of directors, then an election would take place in accordance with the provisions of the Articles, pursuant to which those candidates obtaining the highest number of votes overall from amongst the candidates listed on the ballot paper distributed in advance of the general meeting shall be elected and appointed directors.

Any director may be removed at any time by the ordinary resolution of the shareholders of the company in accordance with the Companies Act, in accordance with any other applicable law, or in the specific cases set out in the Articles of Association of the company.

The administration and management of the company shall be conducted by the directors, who shall appoint one of their number to act as chairman. The Articles of Association of the company do not contemplate any specific instances of administration and management of the company which are reserved for the decision, or the prior approval of, the shareholders of the company and/or any committee of the company.

The directors are empowered to act on behalf of the company and, in this respect, have the authority to enter into contracts, sue and be sued in representation of the company. They may transact all business of whatever nature of the company not expressly reserved to the shareholders in general meeting or by any provision contained in any law for the time being in force.

The primary provisions regulating the board of directors' workings, as well as the appointment and replacement of directors, may be found in Articles 12-15 and 17-23 of the Articles of Association of the company.

Directors’ report - continued

Additional information pursuant to Capital Markets Rule 5.64 - continued

In terms of Article 3.16 of its Articles of Association, the company may, subject to the provisions of the Companies Act acquire or hold any of its shares.

An extraordinary resolution approved by the shareholders in the general meeting is required to amend the Articles of Association, however, no deletion, amendment or addition to the Articles of Association shall have effect unless prior written approval has been sought and obtained from the Listing Authority therefor.

It is hereby declared that, at 30 April 2025, with the exception listed below, the company is not party to any significant agreement pursuant to Capital Markets Rule 5.64.10.

The franchise agreements with Inditex Group regarding Zara® and Zara Home® respectively require the prior consent of Inditex to any change in control of the group. In the absence of such prior consent, Inditex would be entitled to exercise its rights under an option agreement whereby Inditex could terminate the franchise agreements and assume the ownership of the operation of the stores.

The board declares that the information required under Capital Markets Rules 5.64.4, 5.64.5, and 5.64.11 is not applicable to the company.

Remuneration Report

The Remuneration Report is located on pages 22 to 26 of this Annual Report and sets out details of the remuneration strategy and policy of the group. The Remuneration Report also contains, inter alia, details of the financial packages of the directors and the Company’s senior executive team. In accordance with Capital Markets Rules 12.26L and 12.26M, the Remuneration Report will be subject to an advisory vote by the shareholders at the forthcoming Annual General Meeting and will be made available on the Company's website for a period of 10 years thereafter. The contents of the Remuneration Report have been reviewed by the external auditors to ensure that it confirms with the requirements of the Capital Markets Rules.

Auditors

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

Signed on behalf of the Board of Directors on 29 August 2025 by William Spiteri Bailey (Chairman) and Paul Gauci (Executive Vice-Chairman) as per the Directors’ Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual Financial Report.

Directors' report - continued

Additional information pursuant to Capital Markets Rule 5.64 - continued

Registered Address:

PG Group Head Office,
PAMA Shopping Village,
Valletta Road,
Mosta,
Malta

Telephone (+356) 2349 6100

Dr Emma Grech
Company Secretary

29 August 2025

Corporate governance statement

A. Introduction

PG p.l.c. was incorporated on 25 November 2016 and acquired control of the subsidiaries and associates that constitute the group's business on 10 March 2017. The company's equity was admitted to the Official List of the Malta Stock Exchange on 4 May 2017.

Pursuant to the Capital Markets Rules issued by the Malta Financial Services Authority, the company endeavours to follow the Code of Principles of Good Corporate Governance contained in Appendix 5.1 to Chapter 5 of the Capital Markets Rules (the "**Code**"). In terms of Capital Markets Rule 5.94, the company hereby reports on the extent of its adoption of the principles of the Code covering the financial year ended 30 April 2025.

The company acknowledges that the Code does not prescribe mandatory rules, but recommends principles of good practice. Nevertheless, the board strongly believes that such practices are generally in the best interests of the company and its shareholders, and that compliance with the principles of good corporate governance is not only expected by investors but also evidences the directors' and the company's commitment to a high standard of good governance.

Good corporate governance is the responsibility of the board of directors, and in this regard the board has carried out a review of the company's compliance with the Code for the financial period being reported upon.

B. General

The company's governance is led by its board of directors, which is responsible for the overall determination of the company's business strategies and policies. The company has adopted a corporate decision-making and supervisory structure that is tailored to suit its requirements and designed to ensure the effective operation of adequate controls and procedures within the company, whilst retaining an element of flexibility essential to allow the company to react promptly and efficiently to circumstances arising in respect of its business, taking into account its size and the economic conditions in which it operates. The directors are of the view that it has employed structures which are suitable and complementary to the size and operations of the company. Accordingly and in general the directors believe that the company has adopted appropriate structures to achieve an adequate level of good corporate governance, together with an adequate system of control in line with the company's requirements.

This corporate governance statement (the "**Statement**") sets out the structures and processes in place within the company and explains how these effectively achieve the goals set out in the Code. For this purpose, this Statement will make reference to the pertinent principles of the Code and then set out the manners in which the directors believe that these have been adhered to. Where the company has not complied with any of the principles of the Code, this Statement will provide an explanation for non-compliance.

C. Compliance with the Code

Principle 1: The Board

The board's role and responsibility is to provide the necessary leadership, to set strategy and to exercise good oversight and stewardship. In terms of the Memorandum of Association of PG p.l.c., the affairs of the company are managed and administered by a board composed of up to eight (8) directors.

Corporate governance statement - continued

C. Compliance with the Code - continued

Principle 1: The Board - continued

The board is in regular contact with the Chief Executive Officer, who is a board member, and with the other two executive directors serving on the board, in order to ensure that it is in receipt of timely and appropriate information in relation to the business of the group and management performance. The group's Deputy Chief Executive Officer is also a member of the board, and its Chief Financial Officer is regularly in attendance at board meetings, further improving communications between the board and the executive team. This enables the board to contribute effectively to the decision-making process, whilst at the same time exercising prudent and effective controls.

The board delegates specific responsibilities to the Audit Committee and to the RemNom Committee. Further detail in relation to the committees and the responsibilities of the board is found in Principles 4, 5 and 8 of this Statement.

Principle 2: Chairman and Chief Executive

The statute of PG p.l.c. provides for the board to appoint a Chairman from amongst the directors. It also provides for the appointment of a Chief Executive Officer who serves, by virtue of his office, as a director of the company. Mr William Spiteri Bailey and Mr Malcolm Camilleri were appointed Chairman and Chief Executive Officer respectively.

The Chairman is responsible to lead the board and set its agenda, ensure that the directors of the board receive precise, timely and objective information so that they can take sound decisions and effectively monitor the performance of the company, ensure effective communication with shareholders and encourage active engagement by all directors during board discussions.

The Chief Executive Officer leads the management team of the group. He reports regularly to the Board on the business and affairs of the group and the commercial, economic and other challenges facing it. He is also responsible to ensure that all submissions made to the board are timely, give a true and correct picture of the issue or issues under consideration, and are of a professional standard suited to the subject matter concerned.

The Chief Executive Officer is supported by Mr Paul Gauci, the founder and major shareholder of the company, who serves as Executive Vice-Chairman. Mr Gauci also takes a leading role in the business development of the group and in identifying and developing opportunities for expansion.

The Chief Executive Officer chairs a Management Committee composed of the group's senior executives. The committee meets on a weekly basis to review the conduct of operations, to review and discuss monthly management accounts and to review and approve annual plans and budgets prior to their presentation to the board. The heads of the respective business areas are invited to attend the Management Committee and to answer any questions of the members of the Management Committee.

The Deputy Chief Executive Officer, Mr Gianluca Borg, chairs a Purchasing Committee charged with assisting the Chief Purchasing Officer in the operation of the group's purchasing activities and in negotiations with suppliers. The Purchasing Committee also exercises oversight on the group's relationships with its principal suppliers.

Corporate governance statement - continued

C. Compliance with the Code - continued

Principle 3: Composition of the Board

The composition of the company's board of directors is designed to attain a diverse mix of professional and business skills and backgrounds appropriate to the needs of the group, and an appropriate balance between executive and non-executive directors.

The board of directors is composed of:

Non-Executive Directors

Mr William Spiteri Bailey FIA CPA - Chairman
Ms Maria Micallef B.A. Hons Accty, FIA, CPA
Mr Lawrence Zammit MA (Econ)
Ms Claire Alexia Borg Gauci
Mr John Zarb (retired 17 January 2025)

Executive Directors

Mr Paul Gauci - Executive Vice-Chairman
Mr Malcolm Camilleri FIA, FCCA, CPA – Chief Executive Officer
Mr Gianluca Borg – Deputy Chief Executive Officer

Independence of Non-Executive Directors

In line with supporting principle 3 (iii) of main Principle 3, at least one third of the board consists of non-executive directors. With the exception of Ms Claire Alexia Borg Gauci, all the non-executive directors are considered as independent within the meaning of the Code. None of the independent non-executive directors:

(a) are or have been employed in any capacity by the company;
(b) receive significant additional remuneration from the company except, from time go time, in the conduct of specific additional duties connected to their office as directors of the company;
(c) have close family ties with any of the executive members of the board;
(d) have been within the last three years an engagement partner or a member of the audit team of the present or past external auditor of the company; and
(e) have a significant business relationship with the company.

In terms of Code Provision 3.4, each non-executive director has committed to the board that he/she undertakes:

(a) to maintain in all circumstances his/her independence of analysis, decision and action;
(b) not to seek or accept any unreasonable advantages that could be considered as compromising his/her independence; and
(c) to clearly express his/her opposition in the event that he/she finds that a decision of the board may harm the company.

Corporate governance statement - continued

C. Compliance with the Code - continued

Principle 3: Composition of the Board - continued

Appointment and Removal of Directors

Pursuant to generally accepted practices, as well as the company's Articles of Association, the appointment of directors to the board is reserved exclusively to the company's shareholders, except in so far as an appointment is made to fill a vacancy on the board, which may be filled by co-option made by the board on the recommendation of the RemNom Committee.

The Articles of Association regulate the appointment of directors. Any one or more shareholders who in aggregate hold not less than €250,000 in nominal value of shares having voting rights in the company are entitled to recommend fit and proper persons for appointment as directors of the company, such nominations being subject to the approval of the RemNom Committee, which is empowered by the Articles of Association of the company to reject any recommendation made if, in its considered opinion, the proposed appointment could be detrimental to the company's interests or if such person is not considered as fit and proper to occupy that position. In addition, nominations may be made by the board or the RemNom Committee itself for consideration by the shareholders at the Annual General Meeting of the company. The RemNom Committee is also empowered on its own initiative to take steps to ensure that the board remains constituted by a diverse mix of professional and business skills and backgrounds appropriate to the needs of the group.

Any director may be removed at any time by the ordinary resolution of the shareholders of the company in accordance with the Companies Act, in accordance with any other applicable law, or in the specific cases set out in the Articles of Association of the company.

Principles 4 and 5: The Responsibilities of the Board and Board Meetings

The board meets regularly, usually on a monthly basis in addition to other occasions as may be needed from time to time. Individual directors, apart from attendance at formal board meetings, participate in other ad hoc meetings during the year as may be required, and are also active in board committees as mentioned further below.

During the financial year ended 30 April 2025, eleven (11) board meetings were held. Attendance at these meetings was as follows:

Board member	*Meetings attended*
Mr John Zarb (retired 17 January 2025)	8
Mr Paul Gauci	7
Mr Charles Borg (retired 28 October 2024)	5
Mr Gianluca Borg	10
Ms Claire Alexia Borg Gauci	10
Ms Maria Micallef	10
Mr William Spiteri Bailey	10
Mr Lawrence Zammit	11
Mr Malcom Camilleri (appointed 28 October 2024)	7

Corporate governance statement - continued

C. Compliance with the Code - continued

Principles 4 and 5: The Responsibilities of the Board and Board Meetings - continued

The board is entrusted with the overall direction, administration and management of the group. The board, in fulfilling this mandate, assumes responsibility for the following:

- reviewing and approving the business plan and budgets that are submitted by management, and working with management in the implementation of the business plan;

- identifying the principal business risks for the group and overseeing the implementation and monitoring of appropriate risk management systems;

- ensuring that effective internal control and management information systems for the group are in place;

- assessing the performance of the group's executive officers, including monitoring the establishment of appropriate systems for succession planning, and for approving the compensation levels of such executive officers; and

- ensuring that the group has in place a policy to enable it to communicate effectively with shareholders, other stakeholders and the public generally.

The board regularly reviews and approves various management reports as well as annual financial plans, including capital budgets. In addition, the strategy, processes and policies adopted for implementation are regularly reviewed by the board.

The board is also responsible for ensuring that the group recognises and meets its environmental, social and governance responsibilities. These include, inter alia:

(a) Setting and maintaining the behavioural and ethical standards of the group.

(b) Safeguarding the health and safety of all customers and staff. This includes, amongst other measures, ensuring that regular checks are carried out on the freshness and quality of the products sold in the group's supermarkets; the training of staff with specific responsibilities to help deal with medical and other emergencies; the regular monitoring and maintenance of premises and equipment; and the adherence at all times to prescribed safety measures. The board requests and receives regular reports on the group's procedures in these areas.

(c) Ensuring that all employees, customers and business partners are treated with full respect for human rights and without any discrimination on the basis of race, gender or belief.

(d) Ensuring that the group conducts its business with a proper awareness of its social and environmental responsibilities.

(e) Ensuring that the group maintains a zero–tolerance approach to bribery and corruption. The PG Group has at no time been involved or implicated in corruption or bribery allegations. We will not seek to influence others, either directly or indirectly, by paying bribes or kickbacks in any form, or by any other measure that is illicit, unethical or that may in any manner tarnish our reputation.

Corporate governance statement – continued

C. Compliance with the Code - continued

Principles 4 and 5: The Responsibilities of the Board and Board Meetings - continued

The Chairman ensures that all issues relevant to long-term strategic and short-term performance of the group are placed on the agenda of board meetings and, for the purpose of discussion thereon, are supported by all available information, whilst encouraging the presentation of views pertinent to the subject matter and giving all directors every opportunity to contribute to the discussion.

Principle 6: Information and Professional Development

The recruitment and selection of senior management is the responsibility of the Chief Executive Officer acting in consultation with the board. Likewise, the Chief Executive Officer consults with the board on matters relating to succession planning for senior management within the company. The board considers and discusses succession planning measures at all senior management levels taking into account the size and depth of the management team of the group.

The board, acting through the RemNom Committee, is also concerned with ensuring the ongoing professional training and development of the group's management team.

The directors have access to the advice and services of the Company Secretary, Dr Emma Grech, who is responsible for ensuring that board procedures are adhered to. Additionally, directors may seek independent professional advice on any matter should they deem such necessary in order to discharge their responsibilities as directors, at the company's expense.

Principle 7: Evaluation of the Board's Performance

The RemNom Committee regularly evaluates the performance of the board and the contribution made by the individual board members, and considers their continued suitability (including, but not limited to, the two directors retiring by rotation at the next Annual General Meeting), and is of the view that over the period under review, all members of the board, individually and collectively, contributed to proceedings in line with the required levels of diligence and skill. In addition, the board believes that its current composition endows the board with a cross-section of skills and experience relevant to the operations of the group and achieves the appropriate balance required for it to function effectively and to ensure appropriate succession.

Principle 8: Committees

The directors have constituted the following board committees, the terms of reference of which are determined by the board from time to time with the purpose of fulfilling the below mentioned purposes:

Audit Committee

The Audit Committee is composed of Mr Lawrence Zammit (Chairman – appointed as Chairman of the Audit Committee on 17 January 2025 in the stead of Mr William Spiteri Bailey, who relinquished his position as Chairman of the Audit Committee on the same date in view of his appointment as Chairman of the Board), Mr William Spiteri Bailey and Ms Maria Micallef, all occupying an independent Non-Executive Director role within the company; and of Ms Claire Alexia Borg Gauci. In light of their qualifications as well as their valuable experience, Mr William Spiteri Bailey and Ms Maria Micallef are the Audit Committee members who are considered to be competent in accounting and/or auditing in terms of the Capital Markets Rules.

Corporate governance statement - continued

C. Compliance with the Code - continued

Principle 8: Committees - continued

Audit Committee - continued

The committee is responsible for reviewing the financial reporting processes and policies, the system of internal control and management of financial risk, the audit process, any transactions with related parties and the company's process for monitoring compliance with laws and regulations. When the Audit Committee's monitoring and review activities reveal cause for concern or scope for improvement, it shall make recommendations to the board on the action needed to address the issue or make improvements.

The Audit Committee has the task to ensure that any potential conflicts of interest are resolved in the best interests of the group. Its primary objective is to assist the board in dealing with issues of risk, control and governance and in reviewing the group's reporting processes, financial policies and internal control structure. The Audit Committee also oversees the conduct of the external audit and facilitates communication between the board, management and external auditors.

The Audit Committee is a committee appointed by the board and is directly responsible and accountable to the board. Its main role and responsibilities are:

(a) to review procedures and assess the effectiveness of the internal control systems, including financial reporting;

(b) to assist the board in monitoring the integrity of the financial statements, the internal control structures, the financial reporting processes and financial policies of the company;

(c) to make recommendations to the board in relation to the appointment of the external auditor and to approve the remuneration and terms of engagement of the external auditor following appointment by the shareholders in general meeting;

(d) to monitor and review the external audit functions, including the external auditor`s independence, objectivity and effectiveness;

(e) to establish internal procedures and to monitor these on a regular basis;

(f) to establish and maintain access between the internal and external auditors of the company and to ensure that this is open and constructive;

(g) to review and challenge where necessary, the actions and judgements of management, in relation to the interim (if applicable) and annual financial statements before submission to the board, focusing particularly on:
- (i) critical accounting policies and practices and any changes in them;
- (ii) decisions requiring a major element of judgement;
- (iii) the extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed;
- (iv) the clarity of disclosures and compliance with International Financial Reporting Standards;
- (v) significant adjustments resulting from the audit;
- (vi) compliance with stock exchange and other legal requirements; and
- (vii) reviewing the company's Statement on Corporate Governance prior to endorsement by the board.

Corporate governance statement - continued

C. Compliance with the Code – continued

Principle 8: Committees - continued

Audit Committee - continued

(h) to gain an understanding of whether significant internal control recommendations made by internal and external auditors have been implemented by management;

(i) to establish and exercise oversight upon the internal audit function of the company, and to review its plans, activities, staffing and organisational structure;

(j) to monitor the statutory audit of the annual and consolidated accounts;

(k) to discuss company policies with respect to risk assessment and risk management, review contingent liabilities and risks that may be material to the company; and

(l) to consider other matters that are within the general scope of the committee that are referred to it by the Board of Directors.

The terms of reference of the Audit Committee, approved by the Board, are modelled on the recommendations of the Capital Markets Rules.

The Audit Committee has met six (6) times in the financial year ended 30 April 2025, and the attendance at these meetings was as follows:

Committee member	*Meetings attended*
Mr William Spiteri Bailey	5
Ms Claire Alexia Borg Gauci	5
Ms Maria Micallef	6
Mr Lawrence Zammit	6

Remuneration and Nominations Committee

In view of its size, the company has taken the view that whilst it considers the role and function of each of the Remuneration Committee and the Nomination Committee as important, it would be more efficient for these committees to be merged into a single, 'RemNom Committee' that would serve a dual role.

The RemNom Committee is composed of Mr William Spiteri Bailey (Chairman – appointed as Chairman of the RemNom Committee on 17 January 2025 in the stead of Mr John Zarb, who retired from his role on the same date), Mr Paul Gauci and Mr Lawrence Zammit.

In its function as Remuneration Committee, the RemNom Committee is charged with the oversight of the remuneration policies implemented by the company with respect to its directors, management and employees. Its objectives are those of deciding a remuneration policy aimed to attract, retain and motivate directors, whether executive or non-executive, as well as senior management with the right qualities and skills for the benefit of the company. It is responsible for making proposals to the board on the individual remuneration packages of directors and senior management and is entrusted with monitoring the level and structure of remuneration of the non-executive directors.

Corporate governance statement - continued

C. Compliance with the Code – continued

Principle 8: Committees - continued

Remuneration and Nominations Committee - continued

In its function as Nomination Committee, the RemNom Committee's task is to propose to the board candidates for the position of director, including persons considered to be independent in terms of the Capital Markets Rules, whilst also taking into account any recommendation from shareholders. It is to periodically assess the structure, size, composition and performance of the board and make recommendations to the board regarding any changes, as well as consider issues related to succession planning. It is also entrusted with reviewing the board's policy for selection and appointment of senior management.

The RemNom Committee met four (4) times during the financial year ended 30 April 2025, and the attendance at these meetings was as follows:

Committee member	*Meetings attended*
Mr William Spiteri Bailey	1
Mr Paul Gauci	3
Mr Lawrence Zammit	4
Mr John Zarb (retired 17 January 2025)	3

Remuneration of directors and senior management

Please refer to the Remuneration Statement (see page 23) for information regarding the remuneration of the company's directors and senior executives.

Principles 9 and 10: Relations with Shareholders and with the Market, and Institutional Shareholders

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

The company will communicate effectively with shareholders by publishing its results on a six-monthly basis during the year, by way of half yearly and annual reports and financial statements, through interim Directors' Statements, through periodical company announcements and through press releases in the local media to the market in general. The financial results will be made available on the group's website www.pggroup.com.mt.

Annual General Meeting

Within seven months of the end of the financial year, the Annual General Meeting of the shareholders will be convened to consider the annual financial statements, the directors' and auditors' reports for the year, to decide on any dividends recommended by the board, to elect directors, appoint auditors and to set their remuneration.

A presentation will be given to the shareholders present showing how the group operated in the light of prevailing economic and market conditions, and an assessment on future prospects will be given. The Chairman arranges for all directors to attend the Annual General Meeting. More information on general meetings of the company may be found in section F below.

Corporate governance statement - continued

C. Compliance with the Code – continued

Principle 11: Conflicts of Interest

It is the practice of the board that when a potential conflict of interest arises in connection with any transaction or other matter, the potential conflict of interest is declared so that steps may be taken to ensure that such items are appropriately addressed. By virtue of the company’s Articles of Association, the directors are obliged to keep the board advised, on an ongoing basis, of any interest that could potentially conflict with that of the company. The board member concerned shall not take part in the assessment by the board as to whether a conflict of interest exists. A director shall not vote in respect of any contract, arrangement, transaction or proposal in which he has a material interest in accordance with the Articles of Association. The board believes that this is a procedure that achieves compliance with Principle 11. None of the directors, save Mr Paul Gauci, Mr Malcolm Camilleri and Mr Gianluca Borg, have any shares in the company.

Any material transactions with related parties, which pose intrinsic potential conflicts of interests, require the approval of the Audit Committee, which is charged with ensuring that such transactions are necessary for the conduct of the company’s business and are transacted on an arms’ length basis.

As explained in the prospectus issued by the company on 27 March 2017, the group was re-organised in its current form to include, as far as practicable, all the businesses that were at the time controlled by Mr Paul Gauci, and managed by his management team. This serves to reduce the scope for any future potential conflicts of interests involving the majority shareholder. Mr Gauci has since invested in new ventures overseas. These ventures are administered by a dedicated management and staff complement, located in separate premises, and place no burdens or constraints on the resources of PG Group.

Principle 12: Corporate Social Responsibility

The company recognises the importance of its role in the corporate social responsibility arena and seeks to ensure that in its operations the environment is respected. The directors are also aware of the importance of having good relations with stakeholders and strive to work together with them in order to invest in human capital, robust health and safety standards and to adopt environmentally responsible practices (refer also to Principle 4 above).

D. Non-compliance with the Code

The directors set out below the Code provisions with which the company does not comply and an explanation as to the reasons for such non-compliance:

Principle 8: Committees (Code Provision 8.A.1.)

With respect to Code Provision 8.A.1. which sets out the composition requirements of remuneration committees, particularly that the Remuneration Committee must be composed of non-executive directors, the Board notes that the RemNom Committee is not composed in strict compliance with the Code, due to Mr Paul Gauci, an executive director, being a member of the RemNom Committee. Mr Paul Gauci founded and has led the business for many years and is its principal shareholder. The board believes that this departure from the provisions of the Code is justified as, given his familiarity with the business and with its management team, Mr Gauci’s membership within the RemNom Committee is conducive to improving the functioning of said committee and to enhancing the governance of the group.

Corporate governance statement - continued

D. Non-compliance with the Code - continued

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

There are no formal procedures in place within the company for the resolution of conflicts between minority and controlling shareholders, nor do the company's Memorandum or Articles of Association as recommended in Code Provision 9.3 contemplate any mechanism for arbitration in these instances. The board is not aware that any such conflicts of interest have ever arisen.

Principle 9: Relations with Shareholders and with the Market (Code Provision 9.4)

The company does not have a policy in place to allow minority shareholders to present an issue to the board. In practice, however, the open channel of communication between the company and minority shareholders via the office of the Company Secretary is such that any issue that may merit bringing to the attention of the board may be transmitted via the Company Secretary, who is in attendance at all meetings of the Board of Directors.

Other than the above, and in the opinion of the board, the company has instituted governance procedures which shall ensure full compliance with the Code.

E. Internal Control

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

The company operates through the board of directors and the management team with clear reporting lines and delegation of powers. The board of directors has adopted and implemented appropriate policies and procedures to manage risks and internal control. The board plans, controls and monitors business operations in order to achieve the set objectives.

The directors, with the assistance of management, are responsible for the identification, evaluation and management of the key risks to which the company may be exposed. The company has clear and consistent procedures in place for monitoring the system of internal financial controls. The directors also receive periodic management information giving comprehensive analysis of financial and business performance including variances against the group's set targets. This process is applicable specifically in relation to the group's financial reporting framework.

Through the Audit Committee, the board reviews the effectiveness of the company's system of internal controls, including financial reporting, which is also monitored by an Internal Audit team. The Audit Committee also analyses the internal audit reports prepared by the group's internal auditors and ensures that the recommendations therewith are adopted and implemented to further strengthen the company's processes and procedures. The Audit Committee also determines whether significant internal control recommendations made by the external auditors have been implemented.

Corporate governance statement - continued

F. General Meetings

The manner in which the general meeting is conducted is outlined in Article 11 of the company's Articles of Association, subject to the provisions of the Companies Act.

As explained under Principles 9 and 10, within seven months of the end of the financial year, the Annual General Meeting of the shareholders will be convened to consider the annual financial statements, the directors' and auditors' reports for the year, to decide on any dividends recommended by the board, to elect directors if necessary, appoint auditors and to set their remuneration. A presentation will be given to the shareholders present showing how the company operated in the light of prevailing economic and market conditions, and an assessment on future prospects will be given. The Chairman arranges for all directors to attend the Annual General Meeting.

In addition, and in terms of Article 11.3 of the Articles of Association of the company, the board of directors may convene an extraordinary general meeting whenever they think fit. If at any time there are not sufficient directors capable of acting to form a quorum for a meeting of the directors (being four (4) directors), any director, or any two shareholders holding at least ten per cent (10%) of the shares conferring a right to attend and vote at general meetings of the company, may convene an extraordinary general meeting in the same manner.

Adequate notice of general meetings must be given to shareholders as outlined in Articles 11.4-11.6 of the company's Articles of Association.

All shareholders registered in the Shareholders' Register on the Record Date as defined in the Capital Markets Rules have the right to attend, participate and vote in the general meeting. A shareholder who cannot participate in the general meeting can appoint a proxy by written or electronic notification to the company.

Signed by William Spiteri Bailey (Chairman) and Paul Gauci (Executive Vice-Chairman) on 29 August 2025.

Remuneration statement

In terms of Rule 8A.4 of the Code of the Principles of Good Corporate Governance (the "**Code**") contained in the Capital Markets Rules issued by the Malta Financial Services Authority (the "**Capital Markets Rules**"), and in terms of Appendix 12.1 of the said Capital Markets Rules, the company is to include a Remuneration Report in its annual report which shall contain, inter alia, details of the Remuneration Policy of the company and the financial packages of directors and the company's senior executive team, which for the purposes of this Remuneration Report shall be taken to refer to the Chief Executive Officer (the "**CEO**"), the deputy CEO, as well as the Company's chief officers, namely the Chief Operations Officer, Chief Financial Officer, Chief Purchasing Officer, Head Information Technology and Head Marketing.

A. Rationale for Remuneration

The company's Remuneration Policy, as mandated in terms of Chapter 12 of the Capital Markets Rules, being borne in mind, the remuneration of the abovementioned individuals is established in the following manner:

(a) At the time of the initial public offering and of the listing of the company's shares, continuity was assured in the salaries payable to the executive directors and the company's senior executives after these were reviewed by the board of directors and adjudged appropriate and suitable in the context of the responsibilities and experience of the individuals concerned. These salaries were reflected in the business results and forecasts published by the group at the time.

Executive salaries are reviewed annually by the company's Remuneration Committee and Nominations Committee (the "**RemNom Committee**"), as set up in terms of its Memorandum and Articles of Association, to ensure that they remain commensurate with the performance of the individuals concerned and in line with the market.

(b) The remuneration of the non-executive directors is set by reference to the time they are expected to dedicate, annually, to the affairs of the group, as well as the responsibilities pertinent to their role, remunerated at a rate that acknowledges and is commensurate with the professional status and experience of the individuals concerned and with market conditions. The process is designed to attain transparency on the time input that the directors are expected to dedicate annually to the Group, whilst at the same time creating a basis upon which to determine future revisions should directors be required to dedicate more time to the group's affairs.

(c) A variable annual performance bonus scheme is in place. Annual bonuses are generally determined on a discretionary basis, at first instance by the CEO, together with the Executive Vice-Chairman, and are then approved by the RemNom Committee; provided, however, that bonuses pertaining to the CEO and the deputy CEO are determined and approved directly by the RemNom Committee. Bonuses are paid in cash by the group during the financial year.

For further information in this regard, please refer to the company's Remuneration Policy, which is available on the group's website (www.pggroup.com.mt).

B. Nature of Remuneration

Save as specified above, the remuneration payable to the directors and the company's senior executive team is fixed and does not include any variable element based on performance indicators or the right to purchase shares in the company by virtue of share options, nor any other deferred compensation or pension benefits. The remuneration of directors is paid by entities within the Group.

Remuneration statement - continued

B. Nature of Remuneration - continued

Taking into consideration the management and operational set-up of the group, the board of directors considers a combination of a fixed form of remuneration and a discretionary annual bonus to constitute a suitable basis of remuneration for the executive team for the executive team and the executive directors, whereas a fixed form of remuneration is best suited to the non-executive directors; provided, however, that in terms of its Remuneration Policy, and in addition to their fixed remuneration, directors who are also appointed to chair, or to sit as members of, one or more of the committees of the company, or who are asked to serve as directors and, or chair of the board of subsidiaries of the company, may be entitled to receive additional compensation, as shall be determined by the board from time to time. Such additional remuneration shall form part of the aggregate emoluments of directors as approved by the general meeting of the company. The basis upon which such additional remuneration is paid shall take into account the skills, competencies, and technical knowledge that members of such committees require and the respective functions, duties and responsibilities attaching to membership of such committees.

Two of the executive directors and all non-director senior executives are permitted the use of a company vehicle. No other non-cash remuneration is paid to directors and the company's senior executive team.

The RemNom Committee is satisfied that the base remuneration for the year under review is aligned with the core principles of the company's current Remuneration Policy, ensuring that market conditions and remuneration rates offered by similar organisations for comparable roles have been taken into consideration.

C. Remuneration amounts

The following is an outline of the directors' and senior executive team's cash remuneration for the year under review:

Emoluments of directors [aggregate]

	Board & Committee Fees	Fixed remuneration	Variable remuneration	Total
Year ended 30 April 2025	**€193,440**	**€405,550**	**€205,029**	**€804,019**
Year ended 30 April 2024	€174,093	€309,660	€84,483	€568,236

Remuneration statement - continued

C. Remuneration amounts - continued

Emoluments of directors [individual]

Individually, the directors were paid the following amounts during the year under review:

	Board & Committee Fees	Fixed remuneration	Variable remuneration	**Total 2025**	Total 2024
Mr John Zarb – Non-Executive Chairman *	€45,000	Nil	Nil	€45,000	€53,000
Mr William Spiteri Bailey – Non-Executive Chairman*	€30,000	Nil	Nil	€30,000	€17,299
Mr Paul Gauci – Executive Vice-Chairman	€20,000	€146,269	€10,000	€176,269	€160,397
Mr Charles Borg – Executive Director & Chief Executive Officer**	€10,000	€50,354	Nil	€60,354	€122,856
Mr Malcolm Camilleri - Executive Director & Chief Executive Officer**	€10,000	€132,623	€115,384	€258,007	€196,848
Mr Gianluca Borg – Executive Director & Deputy Chief Executive Officer***	€20,000	€76,304	€79,524	€175,828	€134,220
Ms Claire Alexia Borg Gauci – Non-Executive Director****	€18,440	Nil	Nil	€18,440	€45,866
Ms Maria Micallef – Non-Executive Director	€20,000	Nil	€121	€20,121	€17,299
Mr Lawrence Zammit – Non-Executive Director	€20,000	Nil	Nil	€20,000	€17,299

***** *Mr William Spiteri Bailey was appointed as Non-Executive Chairman on 17 January 2025, instead of Mr John Zarb, previous Non-Executive Chairman, who retired on the same date.*

*** Mr Malcolm Camilleri was appointed to the Board on 28 October 2024 and simultaneously appointed as Chief Executive Officer instead of Mr Charles Borg, previous Chief Executive Officer, who retired on the same date.*

**** Mr Gianluca Borg was appointed as Deputy Chief Executive Officer on 28 October 2024 instead of Mr Malcolm Camilleri, who previously occupied said role.*

***** Ms Claire Alexia Borg Gauci also serves as director on the subsidiary companies forming part of the group.*

Remuneration statement - continued

C. Remuneration amounts - continued

The above table includes the remuneration and related benefits awarded to members of the Board of Directors. Board related emoluments included in the above table requiring shareholder approval under Article 22 of the Memorandum and Articles of Association of the Company amount to €193,440 (approved limit of €750,000).

None of the directors hold any share options in the company.

In terms of the requirements within Appendix 12.1 of the Capital Markets Rules, the annual change of remuneration over the four most recent financial years were as follows:

	FY 2025 change over FY 2024	FY 2024 over FY 2023	FY 2023 over FY 2022	FY 2022 over FY 2021
Directors and deputy group chief executive	**5.1%**	4.5%	(3.8%)	8.2%
Average employee remuneration	**5.1%**	(4.3%)	17.6%	11.1%
Performance of the group – Profit for the year	**(8.6%)**	6.9%	5.2%	14%

Emoluments of the senior executive team, including the executive directors whose earnings are also disclosed above [aggregate]

	Board & Committee Fees	Fixed remuneration	Variable remuneration	Total
Year ended 30 April 2025	**€40,000**	**€620,188**	**€296,152**	**€956,340**
Year ended 30 April 2024	€34,598	€589,164	€249,999	€873,761

D. Director and senior executive contracts

None of the directors or senior executives are party to a service contract that contains provisions for termination payments and other payments linked to early termination.

No changes were made during the year to the recurring fixed remuneration payable to the non-executive directors. The remuneration of executive directors may be updated from time to time in line with market conditions and with changes in their duties and responsibilities, and such in accordance with the provisions of the company’s Remuneration Policy.

Remuneration statement - continued

E. Remuneration Policy in accordance with Chapter 12 of the Capital Markets Rules

Pursuant to the requirements of Capital Markets Rule 12.26A, the group's Remuneration Policy, which is intended to provide an overarching framework that establishes the principles and parameters applied in determining the remuneration to be paid to the company's directors, CEO and deputy CEO, was last approved by the shareholders at the 8th Annual General Meeting of the company on 28 October 2024, and is available on the group's website. This Remuneration Policy shall be reviewed regularly, and at least every four years. Such policy was drawn up and updated in particular having due regard to the responsibility vested in the functions and roles of the directors, the CEO and the deputy CEO, market conditions and regulations, including those relating to the group's environmental, social and governance responsibilities, and the remuneration being offered by similar organisations.

F. Contents of the Remuneration Report

The contents of the Remuneration Report have been reviewed by the external auditors to ensure that they conform with the requirements of Appendix 12.1 to Chapter 12 of the Capital Markets Rules.

Statements of financial position

		As at 30 April			
		Group		Company	
		2025	2024	**2025**	2024
	Notes	**€'000**	€'000	**€'000**	€'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	**70,697**	60,177	**-**	-
Right-of-use assets	5	**30,302**	26,508	**-**	-
Investment property	6	**4,274**	3,992	**-**	-
Investment in subsidiaries	7	**-**	-	**34,508**	34,506
Investment in associates	8	**2,315**	2,526	**3,502**	3,502
Equity instruments at fair value through other comprehensive income	9	**184**	208	-	-
Other financial assets measured at amortised cost	10	**18,106**	5,535	-	-
Trade and other receivables	12	**-**	-	**31,646**	545
Total non-current assets		**125,878**	98,946	**69,656**	38,553
Current assets					
Inventories	11	**12,409**	11,305	**-**	-
Trade and other receivables	12	**11,011**	10,767	**1,198**	427
Other financial asset measured at amortised cost	10	**1,000**	-	**-**	-
Cash and cash equivalents	13	**11,826**	11,309	**40**	15
Total current assets		**36,246**	33,381	**1,238**	442
Total assets		**162,124**	132,327	**70,894**	38,995

Statements of financial position - continued

		As at 30 April			
		Group		**Company**	
	Notes	**2025 €'000**	2024 €'000	**2025 €'000**	2024 €'000
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	14	**27,000**	27,000	**27,000**	27,000
Fair value reserve	15	**(66)**	(42)	**-**	-
Retained earnings		**46,916**	41,781	**38,041**	5,766
Total equity		**73,850**	68,739	**65,041**	32,766
Non-current liabilities					
Trade and other payables	18	**-**	-	**-**	6,200
Lease liabilities	5	**23,742**	20,597	**-**	-
Deferred taxation	17	**3,788**	3,874	**-**	-
Total non-current liabilities		**27,530**	24,471	**-**	6,200
Current liabilities					
Trade and other payables	18	**40,771**	31,814	**5,853**	29
Borrowings	16	**18,326**	5,018	**-**	-
Lease liabilities	5	**985**	529	**-**	-
Current tax liabilities		**662**	1,756	**-**	-
Total current liabilities		**60,744**	39,117	**5,853**	29
Total liabilities		**88,274**	63,588	**5,853**	6,229
Total equity and liabilities		**162,124**	132,327	**70,894**	38,995

The notes on pages 33 to 81 are an integral part of these consolidated financial statements.

The financial statements on pages 27 to 81 were approved and authorised for issue by the Board of Directors on 29 August 2025. The financial statements were signed on behalf of the Company's Board of Directors by William Spiteri Bailey (Chairman) and Paul Gauci (Executive Vice-Chairman) as per the Directors' Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual Financial Report 2025.

Statements of comprehensive income

		Year ended 30 April			
		Group		Company	
		2025	2024	**2025**	2024
	Notes	**€'000**	€'000	**€'000**	€'000
Revenue	23	**202,015**	198,084	**11,297**	11,811
Cost of sales	19	**(177,138)**	(171,517)	**-**	-
Gross profit		**24,877**	26,567	**11,297**	11,811
Selling and marketing costs	19	**(1,000)**	(1,033)	**-**	-
Administrative expenses	19	**(6,378)**	(6,583)	**(136)**	(140)
Other income	22	**480**	1,010	**32,318**	-
Operating profit		**17,979**	19,961	**43,479**	11,671
Investment income	23	**15**	15	**-**	-
Finance income	24	**937**	201	**-**	-
Finance costs	25	**(1,693)**	(1,515)	**-**	-
Share of results of associates	8	**(117)**	80	**-**	-
Profit before tax		**17,121**	18,742	**43,479**	11,671
Tax expense	26	**(4,736)**	(5,199)	**(3,954)**	(4,134)
Profit for the year		**12,385**	13,543	**39,525**	7,537
Other comprehensive income: *Items that will not be reclassified to profit or loss:*					
Changes in the fair value of equity investments at fair value through other comprehensive income		**(24)**	(30)	-	-
Other comprehensive income for the year		**(24)**	(30)	**-**	-
Total comprehensive income for the year		**12,361**	13,513	**39,525**	7,537

Earnings per share for the year attributable to shareholders

Basic earnings per share	28	**€0.11**	€0.13

The notes on pages 33 to 81 are an integral part of these consolidated financial statements.

Statements of changes in equity

Group	Notes	Share capital €'000	Fair value reserve €'000	Retained earnings €'000	Total €'000
Balance at 1 May 2023		27,000	(12)	35,488	62,476
Comprehensive income					
Profit for the year		-	-	13,543	13,543
Other comprehensive income					
Fair value movement	15	-	(30)	-	(30)
Transactions with owners					
Dividends for the year	27	-	-	(7,250)	(7,250)
Balance at 30 April 2024		**27,000**	**(42)**	**41,781**	**68,739**
Balance at 1 May 2024		27,000	(42)	41,781	68,739
Comprehensive income					
Profit for the year		-	-	12,385	12,385
Other comprehensive income					
Fair value movement	15	-	(24)	-	(24)
Transactions with owners					
Dividends for the year	27	-	-	(7,250)	(7,250)
Balance at 30 April 2025		**27,000**	**(66)**	**46,916**	**73,850**

Statements of changes in equity - continued

Company	Note	**Share capital** €'000	**Retained earnings** €'000	**Total** €'000
Balance at 1 May 2023		27,000	5,479	32,479
Comprehensive income				
Profit for the year		-	7,537	7,537
Transactions with owners				
Dividends for the year	27	-	(7,250)	(7,250)
Balance at 30 April 2024		**27,000**	**5,766**	**32,766**
Balance at 1 May 2024		27,000	5,766	32,766
Comprehensive income				
Profit for the year		-	39,525	39,525
Transactions with owners				
Dividends for the year	27	-	(7,250)	(7,250)
Balance at 30 April 2025		**27,000**	**38,041**	**65,041**

The notes on pages 33 to 81 are an integral part of these consolidated financial statements.

Statements of cash flows

		Year ended 30 April			
		Group		Company	
	Notes	**2025 €'000**	2024 €'000	**2025 €'000**	2024 €'000
Cash flows from operating activities					
Cash generated from operations	29	**29,302**	25,205	**11,231**	11,390
Interest received	24	**937**	201	**-**	-
Interest paid	25	**(1,693)**	(1,515)	**-**	-
Tax paid		**(5,916)**	(5,134)	**(3,954)**	(4,134)
Net cash generated from operating activities		**22,630**	18,757	**7,277**	7,256
Cash flows used in investing activities					
Purchases of property, plant and equipment	4	**(13,221)**	(2,199)	**-**	-
Purchases of investment property	6	**(282)**	(45)	**-**	-
Investment in fixed term deposits	10	**-**	(1,000)		
Purchases of debt securities	10	**(13,571)**	(4,535)		
Dividends received	23	**15**	15	**-**	-
Proceeds from disposal of property, plant and equipment		**20**	-	**-**	-
Equity investment in new subsidiaries	7	**-**	-	**2**	-
Net cash used in investing activities		**(27,039)**	(7,764)	**2**	-
Cash flows used in financing activities					
Repayments of bank borrowings		**-**	(6,169)	**-**	-
Payments of principal portion of lease liabilities		**(1,132)**	(377)	**-**	-
Dividends paid	27	**(7,250)**	(7,250)	**(7,250)**	(7,250)
Net cash used in financing activities		**(8,382)**	(13,796)	**(7,250)**	(7,250)
Net movement in cash and cash equivalents		**(12,791)**	(2,803)	**25**	6
Cash and cash equivalents at beginning of year		**6,291**	9,094	**15**	9
Cash and cash equivalents at end of year	13	**(6,500)**	6,291	**40**	15

The notes on pages 33 to 81 are an integral part of these consolidated financial statements.

Notes to the financial statements

1. Material accounting policy information

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.

1.1 Basis of preparation

These consolidated financial statements include the financial statements of PG p.l.c. and its subsidiaries. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the requirements of the Maltese Companies Act, 1995. They have been prepared under the historical cost convention, as modified by the fair valuation of the land and buildings category within property, plant and equipment and investment property, and except as disclosed in the accounting policies below. Unless otherwise stated, all financial information presented has been rounded to the nearest thousand.

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires the directors to exercise their judgement in the process of applying the group's accounting policies (see note 3 – Critical accounting estimates and judgements).

Standards, interpretations and amendments to published standards effective in 2025

In 2024, the group and company have adopted new standards, amendments and interpretations to existing standards that are mandatory for the group's and company's accounting period beginning on 1 May 2024. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the company's accounting policies impacting financial performance and position.

(a) Amendments to IAS 1 - Classification of Liabilities as Current and Non-current

The amendments are intended to promote consistency by helping preparers determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. This amendment did not have any material impact on the amounts recognised in prior periods and is not expected to significantly affect the current or future periods.

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

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements that are mandatory for the company's accounting periods beginning after 1 January 2025. The group and company has not early adopted these revisions to the requirements of IFRSs as adopted by the EU and the group's and company's directors are of the opinion that, with the exception of the below pronouncements, there are no requirements that will have a possible impact on the company's financial statements in the period of initial application.

1. Material accounting policy information - continued

1.1 Basis of preparation - continued

(a) Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2026)

On 30 May 2024, the IASB issued targeted amendments to IFRS 9 and IFRS 7 and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;

- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;

- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and

- update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The group and company do not expect these amendments to have a material impact on its operations or financial statements.

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

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

Management is currently assessing the detailed implications of applying the new standard on the group's and company's financial statements.

The new standard will be applicable from its mandatory effective date of 1 January 2027, subject to endorsement for use in the EU, with retrospective application.

1.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

1. **Material accounting policy information** - continued

1.2 Consolidation - continued

(a) Subsidiaries - continued

The group uses the acquisition method of accounting to account for business combinations except as disclosed in note 1.4. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the group. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

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

Inter-company transactions, balances and unrealised gains on transactions between entities forming part of group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

A listing of the subsidiaries is set out in note 36 to the financial statements.

(b) Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. In the consolidated financial statements, investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of profit or loss and other comprehensive income of the investee after the date on which significant influence is acquired. The group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements is recognised in the Statement of comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

1. **Material accounting policy information** - continued

1.2 Consolidation - continued

(b) Associates - continued

Dilution gains and losses arising in investments in associates are recognised in profit or loss.

A listing of the associates is set out in note 36 to the financial statements.

1.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Euro (€), which is the company's and the group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

1.4 Business combinations involving entities under common control

PG p.l.c. acquired a 100% shareholding in a number of entities and 49% shareholding in two associates on 10 March 2017, in exchange for the issue of shares to the previous ultimate shareholders of these entities. In accordance with generally accepted accounting principles, the pooling of interest basis of accounting has been adopted and this transaction has been recorded as if it had occurred at the beginning of the earliest period reported.

Business combinations involving entities under common control are transactions in which all of the combining entities are controlled by the same party or parties before and after the transaction and that control is not transitory. The key feature of a transaction among entities under common control is that there is no change in the ultimate control of the combining entities as a result of the transaction. Control could be exercised by a group of individuals that are all part of the same close family group when they have the collective power to govern the financial and operating policies of the entity.

The group has chosen to apply the pooling of interests method to account for transactions involving entities under common control. The group accounts for business combinations involving entities under common control by recording:

a) the transaction as if it had taken place at the beginning of the earliest period presented;
b) the assets and liabilities of the acquired entity using predecessor book values from the consolidated financial statements of the controlling party, and
c) the difference between the consideration given and the aggregate book value of the assets and liabilities of the acquired entity as an adjustment to equity.

When the controlling party does not prepare financial statements, the book values from the financial statements of the acquired entity are used.

1. Material accounting policy information - continued

1.5 Property, plant and equipment

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

All other property, plant and equipment is stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

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

Land is not depreciated as it is deemed to have an indefinite life. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives as follows:

	%
Buildings	1 - 2
Improvements to premises	3 - 10
Furniture and fittings	10 - 25
Plant, machinery and equipment	6.67 - 25
Motor vehicles	20

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. In particular, the group assesses on a periodic basis the economic useful lives of integral and movable assets directly related to the retailing and fashion sector.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1.7).

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

1. Material accounting policy information - continued

1.6 Investment property

Investment property is held for long-term rental yields or for capital appreciation or both, and is not presently occupied by entities forming part of the group. Investment property comprises freehold land and buildings.

Investment property is measured initially at its historical cost, including related transaction costs and borrowing costs. Historical cost includes expenditure that is directly attributable to the acquisition of the items. After initial recognition, investment property is carried at fair value, representing open market value determined annually. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed periodically by the group's directors, after taking into consideration valuations prepared by external professional valuers.

Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value. Fair value measurement on property under construction is only applied if the fair value is considered to be reliably measurable. The fair value of investment property reflects, among other factors, the value of similar properties in the local market. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

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

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

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

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

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is treated in the same way as a revaluation under IAS 16. Any resulting increase in the carrying amount of the property is recognised in profit or loss to the extent that it reverses a previous impairment loss; with any remaining increase recognised in other comprehensive income, directly to revaluation surplus within equity. Any resulting decrease in the carrying amount of the property is initially charged to other comprehensive income against any previously recognised revaluation surplus, with any remaining decrease charged to profit or loss. Upon the disposal of such investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

1. Material accounting policy information - continued

1.6 Investment property - continued

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

1.7 Impairment of non-financial assets

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

1.8 Investments in subsidiaries and associates

In the company's separate financial statements, investments in subsidiaries and associates are accounted for by the cost method of accounting, that is, at cost less impairment. Provisions are recorded where, in the opinion of the directors, there is an impairment in value. Where there has been an impairment in the value of an investment, it is recognised as an expense in the period in which the diminution is identified. The company gathers objective evidence that an investment is impaired using the same process disclosed in note 1.9.3. The results of associates are reflected in the company's separate financial statements only to the extent of dividends receivable. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

Loans for which settlement is neither planned nor likely to occur in the foreseeable future are, in substance, an extension of the company's investment in that subsidiary. Loans to subsidiaries for which settlement is planned are classified as loans and receivables in accordance with the requirements of IFRS 9.

1.9 Financial assets

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

- those to be measured subsequently at fair value through OCI, and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). The group reclassifies debt investments when and only when its business model for managing those assets changes.

1. Material accounting policy information - continued

1.9 Financial assets - continued

1.9.1 Recognition and derecognition

The group recognises a financial asset in its statement of financial position when it becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

1.9.2 Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset.

Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. The group's debt instruments comprise trade receivables arising from contracts with customers and investments in debt instruments, namely corporate bonds.

The group subsequently measures trade receivables and debt instruments at amortised cost since these assets are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income/(expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

The accounting policy pertaining to measures of trade receivable (excluding impairment) is disclosed in note 1.10.

Equity instruments

The group subsequently measures all equity investments at fair value. The group's management has elected to present fair value gains and losses on equity investments in OCI and therefore there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

1.9.3 Impairment

The group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 2.1 for further details.

1. Material accounting policy information - continued

1.10 Trade and other receivables

Trade receivables comprise amounts due from customers for goods sold or services performed and rendered in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less expected credit loss allowance (note 1.9.3).

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within administrative expenses. When a receivable is uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited against profit or loss.

1.11 Inventories

Goods held for resale

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. The cost of inventories comprises the invoiced value of goods, and, in general, cost also includes freight charges. Net realisable value is the estimate of the selling price in the ordinary course of business less selling expenses.

1.12 Current and deferred tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Under this method the group is required to make provision for deferred income taxes on the revaluation of certain property assets and provisions on the difference between the carrying values for financial reporting purposes and their tax base.

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

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

1. Material accounting policy information - continued

1.13 Cash and cash equivalents

Cash and cash equivalents are carried in the statements of financial position at face value. In the statements of cash flows, cash and cash equivalents include cash in hand and deposits held at call with banks, net of bank overdrafts. In the statements of financial position, bank overdrafts are shown within borrowings in current liabilities.

1.14 Financial liabilities

The group recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument. The group's financial liabilities are classified as financial liabilities which are not at fair value through profit or loss (classified as 'other liabilities') under IFRS 9. Financial liabilities not at fair value through profit or loss are recognised initially at fair value, being the fair value of consideration received, net of transaction costs that are directly attributable to the acquisition or the issue of the financial liability. These liabilities are subsequently measured at amortised cost. The group derecognises a financial liability from its statement of financial position when the obligation specified in the contract or arrangement is discharged, is cancelled or expires.

1.15 Trade and other payables

Trade payables comprise obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.16 Borrowings

Borrowings are recognised initially at the fair value of proceeds received, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

1.17 Offsetting financial instruments

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

1.18 Provisions

Provisions for legal claims are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance costs.

1. **Material accounting policy information** - continued

1.19 Revenue recognition

(a) Sales of goods - retail

Sales of goods are recognised when the group sells a product to the customer. Retail sales are usually in cash or by credit card. Certain retail sales are on credit. The recorded revenue includes credit card fees payable for the transaction. Such fees are included in 'cost of sales'.

It is the group's policy to sell its products to the end customer with a right of return. Accumulated experience is used to estimate and provide for such returns at the time of sale. Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

(b) Sales of goods - customer loyalty programme

The group operates a loyalty programme where retail customers accumulate points for purchases made which entitle them to discount on future purchases. A contract liability for the award points is recognised at the time of the sale. Revenue is recognised when the points are redeemed.

The points provide a material right to customers that they would not receive without entering into a contract. Therefore, the promise to provide points to the customer is a separate performance obligation. The transaction price is allocated to the product and the points on a relative stand-alone selling price basis. Management estimates the stand-alone selling price per point on the basis of the discount granted when the points are redeemed and on the basis of the likelihood of redemption, based on past experience. A contract liability is recognised until the points are redeemed.

(c) Sales of goods - wholesale

Sales of goods are recognised when the group has delivered products to the customer, the customer has accepted the products and collectability of the related trade and other receivables is reasonably assured. Delivery does not occur until the risks of obsolescence and loss have been transferred to the customer.

(d) Property related income

Rentals receivable, short-term lets receivable and premia charged to tenants of immovable property are recognised in the period when the property is occupied. Premia are taken to profit or loss over the period of the leases to which they relate.

(e) Dividend income

Dividend income is recognised when the right to receive payment is established.

1.20 Finance income and costs

Finance income and costs are recognised in profit or loss for all interest-bearing instruments on an accrual basis using the effective interest method. Finance income is recognised as it accrues, unless collectability is in doubt.

1. Material accounting policy information - continued

1.21 Borrowing costs

Borrowing costs which are incurred for the purpose of acquiring or constructing qualifying non-current assets are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway, during the period of time that is required to complete and prepare the asset for its intended use. Capitalisation of borrowing costs is ceased once the asset is substantially complete and is suspended if the development of the asset is suspended. All other borrowing costs are expensed.

Borrowing costs are recognised for all interest-bearing instruments on an accrual basis using the effective interest method. Interest costs include the effect of amortising any difference between initial net proceeds and redemption value in respect of the group's interest bearing borrowings.

1.22 Leases

The group leases the land and buildings on which the PAMA Shopping Mall, the PAMA Supermarkets and the parking area are located. The rental contracts are made with an associate of the group for fixed periods of 30 years. The group also leases certain operational equipment installed within the PAMA Shopping Village, however management does not consider these arrangements material relative to the group's other leasing arrangements.

On 28 June 2022, the group entered into an agreement for a period of 50 years for the lease of property adjacent to PAMA Shopping Village. In addition, on 27 December 2022 the Group entered into an agreement to purchase the temporary utile dominium on a parcel of land adjacent to the PAVI Shopping Complex for the remaining period of 90 years. On 15 January 2025, the group entered into a contract with the Lands Authority for the change in use of emphyteutic land recently acquired adjacent to the PAVI Shopping Complex.

Until the financial years ended 30 April 2019, leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 May 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group.

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

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date

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

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

To determine the incremental borrowing rate, the group:
- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by similar operators, which does not have recent third party financing, and makes adjustments specific to the lease, eg term, country, currency and security.

1. Material accounting policy information - continued

1.22 Leases - continued

The group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use land and buildings held by the group.

The group's leases of land and buildings with its associate are subject to additional payments that are based on 1.6% of the revenue generated from the PAMA Supermarket. Such terms are used as a manner of minimising the fixed costs base, and are recognised in profit or loss in the period in which the condition that triggers those payments (i.e. the sale) occurs. A 5% increase in sales in PAMA Supermarket with such variable lease arrangements would increase total lease payments by €66,000.

1.23 Dividend distribution

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

1.24 Earnings per share

Basic earnings per share is calculated by dividing profit attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the period.

1.25 Segment reporting

The group determines and presents operating segments based on the information that internally is provided to the board of directors, which is the group's chief operating decision maker (CODM) in accordance with the requirements of IFRS 8 'Operating Segments'.

In 2025, the group has consolidated its retail-focused network in order to support the group's growth ambitions. The group has thus become increasingly reliant on individual market-level profitability metrics to enable the CODM to make timely market-centric decisions that are operational and investment in nature. This is also in line with the principal activities action within the Directors Report (Page 1). During the year, in implementing this consolidated approach, the Board has adopted a single, integrated view of the business whereby management and performance monitoring are now aligned to one retail operation, reflecting the way in which the group's assets and capabilities are deployed to serve customers across our brands and locations. In line with this unified strategy, shared services such as procurement, logistics, pricing, marketing, technology and people management are coordinated across the unified portfolio to drive efficiency and a consistent customer experience to our retail proposition.

1. Material accounting policy information - continued

1.25 Segment reporting - continued

For the period ending April 2025, it was therefore appropriate to update the segmental analysis disclosures away from a separate view and move towards a more consolidated view of segments to reflect the current business operations and the way the business internally reports, and the information that the CODM reviews and makes strategic decisions based on its financial results. The performance and financial position of the group's retail operating segment is disclosed in the primary statements on pages 27 to 29. As a result of this change in approach the prior year segmental reporting numbers have not been disclosed in these financial statements.

2. Financial risk management

2.1 Financial risk factors

The group's activities potentially expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk, and fair value interest rate risk), credit risk and liquidity risk. The group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

During 2024, the group set up an Investment Management Committee (IMC) primarily comprising key members of the Company's board of directors, with the primary objective being the management and investment of excess cash generated from the group's retail operations. The groups' investment portfolio primarily comprises investments in fixed income securities listed on active markets. The group did not make use of derivative financial instruments to hedge certain risk exposures during the current and preceding financial periods.

The directors provide policies for overall risk management, as well as policies covering risks referred to above and specific areas such as investment of excess liquidity.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities which are denominated in a currency that is not the respective group entity's functional currency. The group's exposure to foreign currency namely emanates from its investments in debt securities, that are primarily denominated in USD. The group's financing and other assets and liabilities emanating from trading transactions are principally conducted in the functional currency of the respective group entity.

At 30 April 2025, the group was exposed with respect to cash and cash equivalents and financial assets at amortised cost amounting to €49,061 and €9,651,381. The sensitivity of profit or loss to changes in the exchange rates arises mainly from these US dollar-denominated financial instruments. Holding all other variables constant if the local currency weakened/strengthened by 10% against the US Dollar with all other variables held constant, pre-tax profit for the year would have been lower/higher by €970,044 mainly as a result of foreign exchange gains/losses on translation of US Dollar denominated cash and cash equivalents and financial assets at amortised cost.

2. Financial risk management - continued

2.1 Financial risk factors - continued

(a) Market risk - continued

(ii) Cash flow and fair value interest rate risk

The group's income and operating cash flows are substantially independent of changes in market interest rates. The group's interest rate risk arises from its investments in debt securities and borrowings.

The group invests in medium to long-term fixed interest rate debt that expose the group to fair value interest rate risk. These instruments are carried at amortised cost and consequently, whereas movements in market interest rates impact their fair value, such impact is not recognised in the group's income statement.

At reporting date the group has considerable bank borrowings issued at fixed rates (note 16). These bank loans do not expose the group to cash flow interest rate risk.

(b) Credit risk

Credit risk arises on cash and cash equivalents, investments in debt securities, deposits with banks, investments, loans and receivables, advances to related parties as well as credit exposures to customers, including outstanding receivables and committed transactions. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Group		**Company**	
	2025	2024	**2025**	2024
	€'000	€'000	**€'000**	€'000
Financial assets measured at amortised cost:				
Trade and other receivables (note 12)	**8,595**	7,944	**32,844**	972
Cash in bank and in hand (note 13)	**11,826**	12,309	**40**	15
Term deposits	**-**	1,000	**-**	-
Listed corporate bonds (note 10)	**18,106**	4,535	**-**	-
	38,527	25,788	**32,884**	987

The group banks and invests only with local financial institutions or entities with high quality standing or rating. The group has invested in listed corporate bonds having a credit rating which ranges from B1 to Aa2. The group's operations are principally carried out in Malta. The group has no concentration of credit risk that could materially impact the sustainability of its operations.

<u>*Risk management*</u>

The group banks only with local financial institutions or entities with high quality standing or rating. The group's operations are principally carried out in Malta. The group has no concentration of credit risk that could materially impact the sustainability of its operations.

The group sales are mainly generated from retail customers and are made in cash or via major credit cards. Despite credit sales are limited, the group has policies in place to ensure that sales of products and provision of services on credit (mainly related to rental activities) are effected to customers with an appropriate credit history.

2. Financial risk management - continued

2.1 Financial risk factors - continued

(b) Credit risk - continued

The group assesses the credit quality of its customers taking into account financial position, past experience and other factors. It has policies in place to ensure that sales of products and services are effected to customers with an appropriate credit history. The group monitors the performance of its receivables on a regular basis to identify incurred collection losses, which are inherent in the group's receivables, taking into account historical experience in collection of accounts receivable.

The group invests in debt instruments that are considered to be of a good credit rating, with 88% of the portfolio as at 30 April 2025 comprising investment-grade debt securities. The IMC seeks to diversify the group's exposures by sector and issuer and does not recommend any investments in unrated debt securities. Additionally, the group limits investments in debt securities issued by issuers from emerging markets or issuers having a small market cap to 5% of the total value of the portfolio.

Impairment of financial assets

The group's trade receivable and contract assets, investments in debt securities, as well as cash and cash equivalents, are subject to IFRS 9's expected credit loss model (ECL). The Company's financial assets subject to IFRS 9's expected credit loss model principally amounts advanced to subsidiaries.

The group measures loss allowances at an amount equal to lifetime ECL, except in the following circumstances:

- debt securities, namely investments in bonds and deposits held with financial institutions, that are determined to have low credit risk at reporting date. Management consider 'low credit risk' for listed bonds to be an investment grade credit rating with at least one major rating agency; and

- other instruments for which credit risk has not increased significantly since initial recognition.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime ECL are the ECL that result from all possible default events over the expected life of the instrument. In all cases, the maximum period considered when estimating ECL is the maximum contractual period over which the group is exposed to credit risk.

ECL 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 group in accordance with the contract and the cash flows that the group expects to receive).

Loss allowances on financial assets at amortised cost are presented in the balance sheet by deducting the allowance from the gross carrying amount of the assets.

(i) Debt instruments

The key inputs into the measurement of ECL are the term structures of the following variables:

- Probability of default (PD);
- Loss given default (LGD); and
- Exposure at default (EAD).

€16,487,270 of the group's investments in bonds and all of the deposits held with banks qualify for the low credit risk practical expedient. Consequently, the PDs used by the group do not exceed a

2. Financial risk management - continued

2.1 Financial risk factors - continued

(b) Credit risk - continued

Impairment of financial assets - continued

(i) Debt instruments - continued

period of 12 months. To determine PDs, the group uses the PD tables supplied by Moody's based on the default history of obligors in the same industry and geographic region with the same credit rating.

LGD is the magnitude of the likely loss if there is a default. The LGD is determined using the minimum floor as advised by the European Banking Authority with respect to default rates of specific debt instruments classified by nature. EAD represents the expected exposure in the event of a default. The group derives the EAD from the current exposure to the counterparty.

As at reporting date, €2,174,376 of the group's investments in debt securities did not meet the definition of low credit risk as they were not of investment grade rating. The group assessed whether these instruments experienced a significant increase in credit risk since the investment date. No significant increase in credit risk was observed and accordingly, the measurement of ECL for such investments followed the same methodology as explained above.

(ii) Trade receivables and contract assets

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

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled performance obligations and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 1 May 2024 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The group adjusts the historical loss rates based on expected changes in these factors.

(iii) Other receivables

Other than as noted below, as at 1 May 2024, no further identified expected credit loss allowance in addition to the amount that had already been provided for as at 1 May 2023, on trade receivables and contract assets, was deemed necessary. The movement in loss allowances as at 30 April 2025 is also deemed immaterial by management. On this basis, the information pertaining to loss rates and loss allowances in the group's provisions matrix, which would have otherwise been required by IFRS 7, is not presented as at 30 April 2025 and 1 May 2024.

As of 30 April 2025, trade receivables of €3,714,000 (2024: €4,302,000) were fully performing.

2. Financial risk management - continued

2.1 Financial risk factors - continued

(b) Credit risk - continued

Impairment of financial assets – continued

(iii) Other receivables - continued

Loss allowances of €29,000 (2024: €52,000) were present at year end in respect of trade and other receivables that were overdue and that were not expected to be recovered. Other overdue trade receivables that were not impaired amounted to €3,742,000 (2024: €3,178,000). The group holds no security against these receivables. The unsecured overdue amounts consisted of €3,283,000 (2024: €2,140,000) that were less than three months overdue and €459,000 (2024: €1,038,000) that were greater than three months.

The group applies its methodology in relation to such amounts in line with the requirements of IFRS 9's forward-looking expected loss model. The company monitors intra-group credit exposures at individual entity level on a regular basis and ensures timely performance of these assets in the context of its overall liquidity management. The loss allowances for these financial assets are based on assumptions about risk of default and expected loss rates. The Company's management uses judgement in making these assumptions, based on the counterparty's past history, existing market conditions, as well as forward-looking estimates at the end of each reporting period.

As at year-end, based on the directors' assessments of these factors, the equity position of the respective counterparty, and, where the probability of default is high, the recovery strategies contemplated by management together with the support of shareholders in place, the resulting impairment charge required was deemed to be immaterial.

With respect to the loan of €32,318,000 granted to Giacla Limited (as further detailed in Note 31), the Company has determined that the 12-month probability of default on the amounts receivable as at 30 April 2025 is insignificant. The Company will continue to monitor the subsidiary's performance against the business plan so as to identify any indicators that might implicate an increase in credit risk on such exposure in future periods

Credit-impaired financial assets

At each reporting date, the group assesses whether financial assets measured at amortised 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 debtor;
- a breach of contract such as a default or past-due event;
- the restructuring of an amount due to the Company on terms that the Company would not otherwise consider;
- the debtor entering bankruptcy or other financial reorganisation becoming probable; or
- the disappearance of an active market for a security because of financial difficulties.

A financial asset that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

2. Financial risk management - continued

2.1 Financial risk factors - continued

(b) Credit risk - continued

Impairment of financial assets – continued

(iii) Other receivables - continued

The gross carrying amount of a financial asset is written off when the group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

As at 30 April 2025 and 2024, the group did not hold any past due financial assets and accordingly all its financial assets are classified as fully performing.

(iv) Cash at bank

The group's cash is placed with reputable financial institutions, such that management does not expect any institution to fail to meet repayments of amounts held in the name of the companies within the group. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was insignificant.

(c) Liquidity risk

The group is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally trade and other payables and borrowings (refer to notes 18 and 16). Prudent liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meet the group's obligations.

Management monitors liquidity risk by means of cash flow forecasts on the basis of expected cash flows over a twelve month period and ensures that when additional financing facilities are expected to be required over the coming period there are adequate credit facilities in place with external sources and within the treasury function of the group.

The group's liquidity risk is monitored in view of the matching of cash inflows and outflows arising from expected maturities of financial instruments, coupled with the group's committed borrowing facilities (refer to note 16) and group's treasury support that it can access to meet liquidity needs as referred to previously.

The group carries net current liability position of €24,498,000. As at year end the group holds financial instruments which the board considers as highly liquid of €18,106,000. The adjusted net current liability position of €6,392,000 is attributable in a large part from supplier credit being extended to it in excess of its own investment in working capital. Furthermore, during the year cash outflows for investing activities amounting to €27,074,000 was financed from the group's own working capital excess. The group maintains a healthy relationship with its suppliers and care is taken to respect agreed credit terms. Prudence is exercised in cash management to ensure that the group maintains at any point in time a material liquidity cushion in terms of available unutilised overdraft facilities amounting to €16,474,000.

The following table analyses the group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the tables are the contractual undiscounted cash flows.

2. Financial risk management - continued

2.1 Financial risk factors - continued

(c) Liquidity risk - continued

Balances due within twelve months equal their carrying balances, as the impact of discounting is not significant.

	Carrying amount €'000	Contractual cash flows €'000	Within one year €'000	Between 1 and 5 years €'000	Over 5 years €'000
30 April 2025					
Bank borrowings	18,326	18,326	18,326	-	-
Trade and other payables	40,771	40,771	40,771	-	-
Lease liabilities	24,727	47,595	1,704	6,632	39,259
	83,824	**106,692**	**60,801**	**6,632**	**39,259**
30 April 2024					
Bank borrowings	5,018	5,018	5,018	-	-
Trade and other payables	31,814	31,814	31,814	-	-
Lease liabilities	21,126	49,325	1,704	6,720	40,901
	57,958	**86,157**	**38,536**	**6,720**	**40,901**

2.2 Fair values of financial instruments

The carrying amounts of cash at bank, receivables (net of impairment provisions, if any), payables, borrowings and lease liabilities reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their exposed realisation. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

As at the end of the reporting period, the fair values of financial assets and liabilities approximate the carrying amounts shown in the statement of financial position.

2.3 Capital risk management

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

2. Financial risk management - continued

2.3 Capital risk management factors - continued

The group monitors the level of capital on the basis of the ratio of aggregated net debt to total capital. Net debt is calculated as total borrowings including lease liabilities less cash and cash equivalents. Total capital is calculated as equity, as shown in the statement of financial position, plus net debt. The aggregated figures in respect of the group's equity and borrowings are reflected below:

	Group	
	2025	2024
	€'000	€'000
Total borrowings and lease liabilities (notes 16 and 5)	**43,053**	26,144
Less: Cash at bank and in hand (note 13)	**(11,826)**	(11,309)
Net borrowings and lease liabilities	**31,227**	14,835
Total equity	**73,850**	68,739
Total capital	**105,077**	83,574
Gearing	**29.7%**	17.8%

The group manages the relationship between equity injections and borrowings, being the constituent elements of capital as reflected above from period to period, with a view to managing the cost of capital. The level of capital of the group, as reflected in the statement of financial position, is maintained by reference to its respective financial obligations and commitments arising from operational requirements. In view of the nature of the group's activities and the extent of borrowings or debt, the capital level at the end of the reporting period is deemed adequate by management.

3. Critical accounting estimates and judgements

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

In the opinion of the directors, with the exception of the fair valuation of property, plant and equipment and investment property (see note 4 and note 6) and the recoverability of the loan receivable by PG p.l.c. from Giacla Limited (refer to below), the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

Recoverability of loan receivable by PG p.l.c. from Giacla Limited

The recoverability of the loan of €32,318,000 by the Company from Giacla Limited (as further detailed in Note 2.1 (b) and related expected credit loss assessment is heavily dependent on the reasonableness of the assumptions and judgements underlying the valuation of the IP transaction from which the receivable originated in April 2024 as detailed in Note 31.

4. Property, plant and equipment

Group	Land and buildings €'000	Assets in the course of construction €'000	Machinery, motor vehicles and equipment €'000	Furniture, fixtures and fittings €'000	Total €'000
At 30 April 2023					
Cost or valuation	55,304	457	8,236	6,400	70,397
Accumulated depreciation	(3,533)	-	(2,939)	(3,497)	(9,969)
Net book amount	**51,771**	**457**	**5,297**	**2,903**	**60,428**
Year ended 30 April 2024					
Opening net book amount	51,771	457	5,297	2,903	60,428
Additions	132	94	1,441	532	2,199
Depreciation charge	(442)	-	(1,276)	(732)	(2,450)
Closing net book amount	**51,461**	**551**	**5,462**	**2,703**	**60,177**
At 30 April 2024					
Cost or valuation	55,436	551	9,677	6,932	72,596
Accumulated depreciation	(3,975)	-	(4,215)	(4,229)	(12,419)
Net book amount	**51,461**	**551**	**5,462**	**2,703**	**60,177**
Year ended 30 April 2025					
Opening net book amount	51,461	551	5,462	2,703	60,177
Additions	8	11,266	1,726	221	13,221
Transfers	-	(94)	47	47	-
Disposals	-	-	(652)	(15)	(667)
Depreciation charge	(438)	-	(1,472)	(771)	(2,681)
Depreciation charge released on disposal	-	-	632	15	647
Closing net book amount	**51,031**	**11,723**	**5,743**	**2,200**	**70,697**
At 30 April 2025					
Cost or valuation	55,444	11,723	10,798	7,185	85,150
Accumulated depreciation	(4,413)	-	(5,055)	(4,985)	(14,453)
Net book amount	**51,031**	**11,723**	**5,743**	**2,200**	**70,697**

4. Property, plant and equipment - continued

Fair valuation of property

The group is required to analyse non-financial assets carried at fair value by level of the fair value hierarchy within which the recurring fair value measurements are categorised in their entirety (Level 1, 2 or 3). The different levels of the fair value hierarchy have been defined as fair value measurements using:

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

The group's land and buildings within property, plant and equipment (note 4) and investment property (note 6) comprises:

- the Zara Complex situated in Sliema, which mainly includes retail outlets selling Zara branded fashion garments and home furnishings. This property is operated by Alhambra Trading Limited and Centre Point Properties Limited (members of the group) and is classified as property, plant and equipment.

- the PAVI Shopping Complex situated in Qormi, which operates a supermarket including the management of shared activities within the retailing operations and the concessions of commercial areas that compliment the complex.

- Undeveloped property situated in Qormi acquired in 2018 which is being held for investment purposes and is classified as investment property (note 6).

All the recurring property fair value measurements at 30 April 2025 use significant unobservable inputs and are accordingly categorised within Level 3 of the fair valuation hierarchy.

The group's policy is to recognise transfers into and out of fair value hierarchy levels as of the beginning of the reporting period. There were no transfers between different levels of the fair value hierarchy during the year ended 30 April 2025.

A reconciliation from the opening balance to the closing balance of land and buildings for recurring fair value measurements categorised within Level 3 of the value hierarchy, is reflected in the table above and as disclosed in note 6. The only movements in land and buildings classified as property, plant and equipment and investment property reflect additions, transfers and depreciation charge for the year ended 30 April 2025.

During this financial year, the directors assessed the valuation in respect of the Zara Complex and PAVI Shopping Complex on valuation reports prepared by management. Valuations were made on the basis of open market value after considering the returns being attained by the property and its intrinsic value. Furthermore, during this financial year, the directors assessed the valuation in respect of undeveloped property in Qormi. Valuations were made based on recent transactions of nearby properties. These assessments resulted in valuations that are not materially different from that as at 30 April 2024 and accordingly, no adjustment has been made to the carrying amount as at 30 April 2025.

4. Property, plant and equipment - continued

Valuation processes

The valuations of the properties are performed regularly taking into consideration valuation reports prepared by management. These reports are based on both:

- information provided by the entities operating the complexes which is derived from the group's financial systems and is subject to the group's overall control environment; and

- assumptions and valuation models used by management – the assumptions are typically market related. These are based on professional judgement and market observation.

The information used, together with the assumptions and the valuation models, are reviewed by the board of directors. This includes a review of fair value movements over the period.

Valuation techniques

Given the specific nature of these assets, the valuations of the Level 3 property have been performed by reference to valuation models. These valuation models include:

- in case of the Zara Complex and the PAVI Shopping Complex the management applied the capitalised rental approach;
- in the case of the property in Qormi, the management based the valuation on recent transactions of nearby properties.

The board of directors approved the respective fair values after taking into consideration the intrinsic value of the property and specific tenure conditions.

In using the capitalised rentals approach, the significant unobservable inputs include a rental rate per square metre, the capitalisation rate, and, if applicable, development or refurbishment costs which must be incurred before the property can earn the potential rental cash flows. Information about fair value measurements of property using significant unobservable inputs (Level 3) include a rental rate on revenue of 10% and a capitalisation rate of 6.5% for the Zara Complex and average rental rate per square metre of €120 with no inflationary growth discounted at an average rate of 6.5% for the PAVI Shopping Complex.

For the capitalised rental approach, the higher the rate per square metre, the higher the resultant fair valuation. Conversely, the lower the capitalisation rate, the higher the resultant fair valuation.

Bank borrowings are secured by the group's property, plant and equipment (note 16).

The charge for depreciation of property, plant and equipment is included in profit or loss as follows:

	Group	
	2025	2024
	€'000	€'000
Direct operating expenses	**2,232**	2,042
Selling and distribution expenses	**67**	73
Administrative expenses	**382**	335
Total depreciation charge (note 19)	**2,681**	2,450

4. Property, plant and equipment - continued

Acquisition of control of DB Gauci Shopping Mall Limited (asset acquisition).

On 27 January 2025, the Group obtained control of DB Gauci Shopping Mall Limited by acquiring 60% of its voting shares. DB Gauci Shopping Mall Limited holds a Promise-of-Sale agreement with DB San Gorg Property Limited for the temporary sub-emphyteusis of a property comprising a proposed shopping mall, as well as car park spaces, all currently under construction on the site of the old Institute for Tourism Studies at St George's Bay, St Julians, Malta, which, in turn, had been granted by the Government of Malta to DB San Gorg Property Limited by virtue of title of temporary emphyteusis for a period of ninety-nine (99) years commencing from 1 February 2017 pursuant to the relevant emphyteutical deed entered into with the Government of Malta. Following the finalisation of the project the shopping mall and car park spaces will be reclassified from assets in course of construction to the respective asset categories within property, plant and equipment (IAS 16). At the acquisition date and the financial reporting date, DB Gauci Shopping Mall Limited had an immaterial net liability position resulting from pre operating costs.

Management assessed the transaction under IFRS 3 and concluded that DB Gauci Shopping Mall Limited does not fall within the definition of a business under the standard. This is also evident in the fact that, at the acquisition date, substantially all of the fair value of gross assets is concentrated in the property under construction. Accordingly, the acquisition is outside the scope of IFRS 3 and was accounted for as an asset acquisition. As the acquisition method was not applied, no goodwill was recognised, and directly attributable acquisition costs were capitalised to the property under construction in accordance with IAS 16.

On initial consolidation, the Group recognised all DB Gauci Shopping Mall Limited's assets and liabilities at their acquisition date carrying amounts. No incremental adjustments to the Group's accounting policies for IAS 16 were deemed necessary.

Non-controlling interests (NCI) were recognised at 40% of company's net assets at those carrying amounts resulting in an immaterial NCI deficit due to the net liability position at acquisition.

5. Leases

This note provides information for leases where the group is a lessee.

(i) Amounts recognised on balance sheet

The balance sheet shows the following amounts relating to leases:

	Group	
	2025	2024
	€'000	€'000
Right-of-use assets		
Land & buildings	**30,164**	26,320
Equipment	**138**	188
Closing cost and net book amount	**30,302**	26,508
Lease liabilities		
Current	**985**	529
Non-current	**23,742**	20,597
	24,727	21,126

On 28 June 2022, the group entered into an agreement for a period of 50 years for the lease of property adjacent to PAMA Shopping Village. The right-of-use-asset for this property as at 30 April 2025 amounted to €4,483,441 (2024: €4,578,496).

In addition, on 27 December 2022 the Group entered into an agreement to purchase the temporary utile dominium on a parcel of land adjacent to the PAVI Shopping Complex for the remaining period of 90 years. The right-of-use-asset for this property as at 30 April 2025 amounted to €7,270,042 (2024: €7,372,805).

On 15 January 2025, the group entered into a contract with the Lands Authority for change in use of emphyteutic land recently acquired adjacent to Pavi Shopping Complex from industrial to commercial for a cost of €4,797,783. Such consideration will be paid over a period of 9 years. The maturity analysis of the lease liability is disclosed in note 2 to these financial statements.

5. Leases – continued

(ii) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	Group	
	2025	2024
	€'000	€'000
Depreciation charge of right-of-use assets		
Land and buildings	**890**	779
Equipment	**49**	49
	939	828
Interest expense (included in finance costs)	**1,314**	1,321
Expense relating to variable lease payments not included in lease liability (included in cost of sales)	**1,280**	1,289

The total cash outflow for leases during the year ended 30 April 2025 was €3,002,275 (2024: €3,316,357).

6. Investment property

	Group	
	2025	2024
	€'000	€'000
Year ended 30 April		
Opening cost and net book amount	**3,992**	3,947
Additions	**282**	45
Closing cost and net book amount	**4,274**	3,992
As at 30 April		
Cost and fair value	**4,274**	3,992

7. Investments in subsidiaries

	Company	
	2025	2024
	€'000	€'000
Year ended 30 April		
At the beginning of year	**34,506**	34,506
Additions	**2**	-
At end of year	**34,508**	34,506

The principal subsidiaries all of which are unlisted at year end, together with the nature of their business are disclosed in note 36.

On 10 March 2017, the company acquired the entire shareholding in a number of entities for a consideration of €34,456,000 for subsidiaries and €3,502,000 for associates (note 8) from PG Holdings Limited, a holding company owned by Paul Gauci. Under the requirements of the predecessor basis of accounting (refer to note 1.4), the difference between the net asset value of these undertakings as at this date and the consideration paid, should be disclosed as an adjustment to equity.

Giacla Limited was incorporated during the year ended 30 April 2025 to strategically acquire, safeguard, and commercialise intellectual property assets (Note 31).

On 27 January 2025 the company acquired the entire shareholding in Pacla Limited from Mr. Paul Gauci, (Note 31) to act as an investment holding company.

Through the acquisition of Pacla Limited, the Group acquired a 60% shareholding in DB Gauci Shopping Mall Limited (refer to Note 4).

8. Investments in associates

	Group		Company	
	2025	2024	**2025**	2024
	€'000	€'000	**€'000**	€'000
Year ended 30 April				
At beginning of year	**2,526**	2,872	**3,502**	3,502
Share of results of associates	**(117)**	80	**-**	-
Dividends received	**(94)**	(426)	**-**	-
At end of year	**2,315**	2,526	**3,502**	3,502
At 30 April				
Cost	**3,326**	3,326	**3,502**	3,502
Share of results and reserves	**(1,011)**	(800)	**-**	-
Net book value	**2,315**	2,526	**3,502**	3,502

The principal associates all of which are unlisted at year end, together with the nature of their business are disclosed in note 36. These associates have share capital consisting solely of ordinary shares, which are held directly by the group; the country of incorporation or registration is also their principal place of business. The financial year end of these entities is 30 April. Associates are measured using the equity method in accordance with the group's accounting policy and there are no contingent liabilities relating to the group's interest in the associates.

Summarised financial information of associates

Set out below are the summarised financial information for the above noted entities.

Summarised balance sheet

	Group	
	2025	2024
	€'000	€'000
Total current assets	**3,258**	3,228
Total current liabilities	**(1,006)**	(1,402)
	2,252	1,826
Non-current assets	**5,599**	5,894
Non-current liabilities	**(37)**	(71)
	5,562	5,823
Net assets as at year end	**7,814**	7,649

8. Investments in associates - continued

Summarised statement of comprehensive income

	Group	
	2025	2024
	€'000	€'000
Revenue	**2,641**	2,955
Profit before tax	**617**	645
Profit after tax	**356**	330
Associated results attributable to the group	**174**	162

The information above reflects the amounts presented in the financial statements of the associates for the period which have been prepared in accordance with GAPSME. These have been adjusted for the adoption of IFRSs when considered as associates of the group, amounting to €292,000 (2024: €307,000).

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in associates:

	Group	
	2025	2024
	€'000	€'000
Opening net assets	**7,649**	7,940
Profit for the year	**356**	330
Dividends paid	**(189)**	(621)
Closing net assets	**7,814**	7,649
Carrying value at year end	**2,315**	2,526

9. Equity instruments at fair value through other comprehensive income

	Group	
	2025	2024
	€'000	€'000
Year ended 30 April		
Opening carrying amount	**208**	238
Losses from changes in fair value	**(24)**	(30)
Closing cost and net book amount	**184**	208
At 30 April		
Cost	**250**	250
Fair value losses (note 15)	**(66)**	(42)
Carrying amount	**184**	208

Equity instruments at FVOCI relate to an investment in a listed local company, M&Z p.l.c.. The equity investment is not held for trading and which the group has irrevocably elected at initial recognition to recognise in this category. This is a strategic investment and the group considers this classification to be more relevant.

The group is required to analyse financial assets carried at fair value by level of the fair value hierarchy within which the recurring fair value measurements are categorised in their entirety (Level 1, 2 or 3). The different levels of the fair value hierarchy have been defined as fair value measurements using:

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

The fair value of the equity investment is estimated by reference to the current bid prices based on active market.

10. Other financial assets measured at amortised cost

Other financial assets at amortised cost include the following:

	Group	
	2025	2024
	€'000	€'000
Non-current		
Investments in:		
Listed corporate bonds	**18,106**	4,535
Term deposits	**-**	1,000
At 30 April	**18,106**	5,535
Current		
Investments in:		
Term deposits	**1,000**	-
At 30 April	**1,000**	-

a) Listed corporate bonds

The Group's investments in listed debt securities comprise a portfolio of investments in listed fixed income debt securities for which the objective of the business model is to hold the securities to collect their contractual cash flows over the life of the portfolio's instruments. These securities' cash flows represent solely payments of principal and interest. Income from investments at amortised cost are disclosed in Note 24.

Note 2 sets out information about the impairment of financial assets and the group's exposure to credit risk. During 2025, the group was required to prepare an impairment assessment for all classes of financial assets. The identified expected credit losses were immaterial.

The fair value of corporate bonds was determined by reference to published price quotations in an active market (classified as level 1 in the fair value hierarchy). The fair value of the financial instruments at amortised cost are not significantly different from the carrying amounts.

b) Term deposits

During the previous financial year, the Group invested in term deposits amounting to €1,000,000. The accounts carry a fixed interest rate and have a maturity date of more than 3 months from the reporting date.

11. Inventories

	Group	
	2025	2024
	€'000	€'000
Goods held for resale	**12,409**	11,305

11. **Inventories** - continued

The amount of inventory write-downs recognised in the income statement categories is as follows:

	Group	
	2025	2024
	€'000	€'000
Cost of sales	**106**	117

12. Trade and other receivables

	Group		Company	
	2025	2024	**2025**	2024
	€'000	€'000	**€'000**	€'000
Non-current				
Amounts owed by subsidiaries	**-**	-	**31,646**	545
	-	-	**31,646**	545
Current				
Trade receivables - net	**3,714**	4,302	**-**	-
Indirect taxation	**-**	136	**-**	-
Advance payments to suppliers	**1,155**	1,533	**-**	-
Amounts owed by subsidiaries	**-**	-	**1,198**	-
Amounts owed by associates and related parties	**99**	707	**-**	427
Advance payments on non-current assets	**346**	367	**-**	-
Other receivables	**1,967**	-	**-**	-
Prepayments and accrued income	**3,730**	3,722	**-**	-
	11,011	10,767	**1,198**	427
Total trade and other receivables	**11,011**	10,767	**32,844**	972

Amounts owed by associates and related parties are unsecured, interest free and repayable on demand.

As further detailed in Note 31, the receivable from Giacla Limited of €32,318,000 arising upon sale was converted into a loan, bearing annual interest of 3%, which loan is to be repaid in full by December 2045.

The group's exposure to credit and currency risks relating to receivables are disclosed in note 2. The other classes within trade and other receivables do not contain impaired assets.

13. Cash and cash equivalents

For the purposes of the statement of cash flows, the period-end cash and cash equivalents comprise the following:

	Group		Company	
	2025	2024	**2025**	2024
	€'000	€'000	**€'000**	€'000
Cash at bank and in hand	**11,826**	11,309	**40**	15
Bank overdraft (note 16)	**(18,326)**	(5,018)	**-**	-
Total cash and cash equivalents	**(6,500)**	6,291	**40**	15

14. Share capital

	Group		Company	
	2025	2024	**2025**	2024
	€'000	€'000	**€'000**	€'000
Issued and fully paid up	**27,000**	27,000	**27,000**	27,000

The company's authorised share capital of €40,000,000 is constituted by 160,000,000 ordinary shares having a nominal value of €0.25 per share and the company's issued share capital of €27,000,000 is constituted by 108,000,000 ordinary shares having a nominal value of €0.25 per share. The issued share capital consists of one class of ordinary shares with equal voting rights attached.

15. Fair value reserve

	Group	
	2025	2024
	€'000	€'000
At 1 May	**(42)**	(12)
Losses from changes in fair value of equity instruments	**(24)**	(30)
At 30 April	**(66)**	(42)

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

The reserve is non-distributable.

16. Borrowings

	Group	
	2025	2024
	€'000	€'000
Current		
Bank overdrafts (note 13)	**18,326**	5,018
Total borrowings	**18,326**	5,018

The group's banking facilities as at 30 April 2025 amounted to €34,800,000 (2024: €9,800,000).

The group's bank borrowings are secured by:

(a) a general hypothec over the group's assets and a special hypothec over its property;
(b) general and special hypothecs over the assets of related parties;
(c) pledge over insurance policies; and
(d) guarantees issued by the group and related parties.

The interest rate exposure of the borrowings of the group was as follows:

	Group	
	2025	2024
	€'000	€'000
Total bank borrowings:		
At fixed rates	**18,326**	5,018

Weighted average effective interest rate as at the end of the reporting year were:

	Group	
	2025	2024
Bank overdraft	**3.06%**	3.30%

This note provides information about the contractual terms of the group's borrowings. For more information about the group's exposure to liquidity and interest rate risks, see note 2.

17. Deferred taxation

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 35% (2024: 35%), except for temporary differences on immovable property that are calculated under the liability method using a principal tax rate of 10% (2024: 10%) on the carrying amounts of property. The movement on the deferred tax account is as follows:

	Group	
	2025	2024
	€'000	€'000
At beginning of year	**3,874**	3,844
Deferred tax on temporary differences arising on depreciation of property, plant and equipment	**(88)**	25
Under provision in deferred tax in prior year	**2**	5
At end of year	**3,788**	3,874

Deferred tax is principally composed of deferred tax assets and liabilities which are to be recovered and settled after more than twelve months.

The balance as at year-end represents temporary differences on or attributable to:

	Group	
	2025	2024
	€'000	€'000
Revaluation of non-current assets	**3,023**	3,023
Depreciation on property, plant and equipment	**765**	851
	3,788	3,874

At 30 April 2025, the Group had unrecognised deferred tax assets amounting to €14,477,000, created through the temporary differences arising from unutilised capital allowances in respect of Intellectual Property Rights (Note 31).

18. Trade and other payables

	Group		Company	
	2025	2024	**2025**	2024
	€'000	€'000	**€'000**	€'000
Non-current				
Amounts owed to subsidiaries	**-**	-	**-**	6,200
Current				
Trade payables	**20,980**	20,522	**27**	-
Amounts due to related parties and associates	**11,082**	2,623	**-**	-
Capital payables	**323**	109	**-**	-
Other payables	**577**	635	**-**	-
Indirect taxation	**1,963**	2,553	**5,817**	-
Accruals and deferred income	**5,846**	5,372	**9**	29
	40,771	31,814	**5,853**	29
Total trade and other payables	**40,771**	31,814	**5,853**	6,229

Amounts owed to related parties and associates are unsecured, interest free and repayable on demand. The balance is mainly composed of amounts due to related companies in DB Gauci Shopping Mall Limited. The group's exposure to liquidity and currency risks relating to trade and other payables are disclosed in note 2.

Accruals include contract liabilities related to group's customer loyalty programme amounted to €1,969,827 (2024: €1,843,608).

In the company's books, amounts owed to subsidiaries are unsecured, interest free and are not expected to be repaid within the next twelve months.

19. Expenses by nature

	Group		Company	
	2025	2024	**2025**	2024
	€'000	€'000	**€'000**	€'000
Employee benefit expense (note 20)	**14,714**	13,339	**-**	-
Depreciation of property, plant and equipment (note 4)	**2,681**	2,450	**-**	-
Amortisation of right-of-use assets (note 5)	**939**	828	**-**	-
Purchases of goods and consumables	**155,243**	150,970	**-**	-
Variable leases and parking fees	**1,662**	1,981	**-**	-
Movement in inventories	**(1,017)**	(666)	**-**	-
Utility costs	**1,093**	1,065	**-**	-
Other expenses	**9,201**	9,166	**136**	140
Total cost of sales, selling and marketing costs and administration expenses	**184,516**	179,133	**136**	140

Audit fees

Fees charged by the auditor and/or its related undertakings for services rendered during the financial periods ended 30 April 2025 and 2024 relate to the following:

	Group		Company	
	2025	2024	**2025**	2024
	€'000	€'000	**€'000**	€'000
Annual statutory audit	**196**	191	**26**	22
Tax advisory and compliance services	**8**	8	**2**	2
	204	199	**28**	24

20. Employee benefit expense

	Group	
	2025	2024
	€'000	€'000
Wages and salaries	**12,126**	10,973
Social security	**848**	778
	12,974	11,751
Subcontracted from third parties	**1,740**	1,588
	14,714	13,339

20. Employee benefit expense - continued

Average number of persons employed during the year:

	Group	
	2025	2024
Operational	**389**	373
Administration	**80**	74
Selling and distribution	**6**	6
	475	453

21. Directors' remuneration

	Group	
	2025	2024
	€'000	€'000
Emoluments paid	**804**	568

A number of directors availed themselves of an allowance for the use of company cars during the year. The estimated value of this benefit has been included within the directors' salaries, which also includes other allowances.

22. Other income

	Group		Company	
	2025	2024	**2025**	2024
	€'000	€'000	**€'000**	€'000
Recharges of expenses to retail operators	**1,046**	958	**-**	-
Unrealised exchange differences from investing activities	**(566)**	52	**-**	-
Gain on sale of intangible assets (Note 31)	**-**	-	**32,318**	-
	480	1,010	**32,318**	-

23. Investment income

The company's revenue is derived from dividend income from its subsidiaries in accordance with the group's dividend policy.

During the year, the company received gross dividends from its subsidiaries totalling €11,153,846 (2024: €11,153,848). The company also received a gross dividend of €143,329 (2024: €657,278) from its associate.

The group received a gross dividend of €15,407 from its equity instruments.

24. Finance income

	Group		Company	
	2025	2024	**2025**	2024
	€'000	€'000	**€'000**	€'000
Interest income	**937**	201	**-**	-
	937	201	**-**	-

During the financial year ending 30 April 2024 an investment committee was set up to invest excess liquidity held by the group. This excess liquidity was invested by the group in a portfolio of debt securities.

25. Finance costs

	Group		Company	
	2025	2024	**2025**	2024
	€'000	€'000	**€'000**	€'000
Bank interest	**375**	105	**-**	-
Finance costs on lease interest	**1,318**	1,327	**-**	-
Other financial charges	**-**	83	**-**	-
	1,693	1,515	**-**	-

26. Tax expense

	Group		Company	
	2025	2024	**2025**	2024
	€'000	€'000	**€'000**	€'000
Current tax expense:				
on taxable profit subject to tax at 35%	**3,640**	3,917	**3,954**	4,134
on taxable profit subject to tax at 15%	**1,292**	1,297	**-**	-
Over provision of current tax in prior years	**(110)**	(45)	**-**	-
Deferred tax (credit)/charge	**(86)**	30	**-**	-
	4,736	5,199	**3,954**	4,134

The tax on the company's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	Group		Company	
	2025	2024	**2025**	2024
	€'000	€'000	**€'000**	€'000
Profit before tax	**17,121**	18,742	**43,479**	11,671
Tax on profit at 35%	**5,992**	6,560	**15,218**	4,085
Tax effect of:				
share of results of associates	**41**	(28)	**-**	-
maintenance allowance on rental income	**(302)**	(291)	**-**	-
expenses and provisions not allowable for tax purposes	**656**	393	**47**	49
unrecognised deferred tax related to prior years	**47**	11	**-**	-
over-provision of deferred tax in prior year	**-**	71	**-**	-
over-provision of current tax in prior year	**(110)**	(45)	**-**	-
income not subject to income tax	**-**	-	**(11,311)**	
income subject to reduced rates of tax	**(1,600)**	(1,469)	**-**	-
movement in unrecognised deferred tax	**-**	-	**-**	-
unrecognised deferred tax in prior year	**(19)**	-	**-**	-
other	**31**	(3)	**-**	-
Tax expense	**4,736**	5,199	**3,954**	4,134

27. Dividends paid

	Group		Company	
	2025	2024	**2025**	2024
	€'000	€'000	**€'000**	€'000
Gross dividend	**11,154**	11,154	**11,154**	11,154
Tax at 35%	**(3,904)**	(3,904)	**(3,904)**	(3,904)
Total net dividend	**7,250**	7,250	**7,250**	7,250
Euro per share (net)	**0.07**	0.07	**0.07**	0.07

A first net interim dividend of €2,750,000 in respect of the year ended 30 April 2025 was announced on 26 November 2024 and paid to the ordinary shareholders on 6 December 2024. A second net interim dividend of €4,500,000 in respect of the year ended 30 April 2025 was announced on 25 June 2025, and paid to the ordinary shareholders on 11 July 2025.

The second net interim dividend was not reflected in the comparative financial statements as it is accounted for in shareholders' equity in the current year financial statements.

28. Earnings per share

Earnings per share is based on the profit for the financial year attributable to the shareholders of PG p.l.c. divided by the weighted average number of ordinary shares in issue during the year and ranking for dividend.

	Group	
	2025	2024
Profit attributable to shareholders (€'000)	**12,385**	13,543
Weighted average number of ordinary shares in issue (thousands)	**108,000**	108,000
Basic and diluted earnings per share for the year attributable to shareholders	**€0.11**	€0.13

The company does not have any dilutive contracts on own shares in issue.

29. Cash generated from operations

Reconciliation of operating profit to cash generated from operations:

	Group		Company	
	2025	2024	**2025**	2024
	€'000	€'000	**€'000**	€'000
Operating profit	**17,979**	19,961	**43,479**	11,671
Adjustment for:				
Depreciation on property, plant and equipment and right-of-use asset (notes 4,5)	**3,620**	3,361	**-**	-
Profit on disposal of property, plant and equipment	**-**	-	**-**	-
Changes in working capital:				
Inventory	**(1,104)**	(650)	**-**	-
Trade and other receivables	**(150)**	(1,187)	**(31,872)**	(264)
Trade and other payables	**8,957**	3,720	**(376)**	(17)
Cash generated from operations	**29,302**	25,205	**11,231**	11,390

Net debt reconciliation

All the movements in the group's net debt related only to cash flow movements and disclosed as part of the financing activities in the statements of cash flows on page 32 with the exception for movements in lease liabilities which include finance costs of these liabilities amounting to €1,314,000 (2024: €1,321,000).

30. Commitments

(a) Capital commitments

As at 30 April, the group had commitments for capital expenditure relating to its property not provided for in these financial statements as follows:

	Group	
	2025	2024
	€'000	€'000
Authorised but not contracted	**1,860**	6,150
Contracted but not provided for	**3,491**	1,394
	5,351	7,544

(b) Lease commitments - where the group is a lessor

The future minimum lease payments receivable under non-cancellable property leases are as follows:

	Group	
	2025	2024
	€'000	€'000
Within one year	**198**	557
Between 1 and 2 years	**31**	240
Between 2 and 3 years	**38**	69
Between 3 and 4 years	**28**	38
Between 4 and 5 years	**-**	28
Later than 5 years	**-**	-
	295	932

31. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating policy decisions.

As at year end, Mr Paul Gauci owned 68.38% of the shareholding in PG p.l.c. and hence controls the group. The remaining 31.62% of the shares are widely held.

The entities constituting the PG Group are ultimately fully owned by PG p.l.c.. Other entities on which Mr Paul Gauci can exercise significant influence are also considered to be related parties. Hence, related parties also include subsidiaries and associates of PG Holdings Limited.

Related party transactions also include transactions with a director of the Group who operates retail outlets within the supermarkets. Rental and other income generated through such transactions amounted to €649,000 (2024: €703,000).

In the opinion of the directors, disclosure of related party transactions, which are generally carried out on commercial terms and conditions, is only necessary when the transactions effected have a material impact on the operating results and financial position of the group. The aggregate invoiced amounts in respect of a number of transaction types carried out with related parties are not considered material and accordingly they do not have a significant effect on these financial statements except for the following.

31. Related party transactions - continued

The group recognised the leasing arrangements with its associate as right-of-use assets and lease liabilities amounting to €14,038,000 and €15,973,000 respectively at reporting date. The group made payments of €2,641,000 (2024: €2,955,000) to its associate in relation with such leases, and recognised €975,000 (2024: €985,000) as interest expenses and €1,280,000 (2024: €1,289,000) as variable lease payments.

Acquisition of Pacla Limited

On 27 January 2025 the company acquired the entire shareholding in Pacla Limited from Mr. Paul Gauci at a nominal value of €1,200 to act as an investment holding company. This company was used to acquire the group's share in DB Gauci Shopping Mall Limited (see note 7).

Transaction in respect of transfer of Intellectual Property rights to Giacla Limited

In recognition of the group's continued growth, management undertook a comprehensive restructuring of its intellectual property (IP) portfolio during the financial year ended 30 April 2025. This initiative focused on the effective recognition of IP assets, primarily originating from PG plc and it's subsidiaries, to maximise synergies across the group's operations.

Given the critical role that IP plays in unlocking value from business acquisitions and driving operational efficiency, management determined that the optimal approach was to legally and operationally ring-fence these assets within a dedicated, wholly owned subsidiary. This segregation serves multiple strategic objectives; it enhances the protection of PG Group's valuable IP by shielding it from operational risks such as financial volatility, legal exposure, and market disruptions, while also preserving long-term asset value.

By centralising IP ownership, the group has positioned itself to better leverage these assets for future growth, innovation, and revenue generation, reinforcing its commitment to sustainable value creation for shareholders.

Moreover, this segregation allows the operational entity to specialise in providing quality service and a seamless customer experience, without the distractions or complexities associated with managing intellectual property.

This focus on operations helps streamline decision-making, improve efficiency, and maintain the brand's high standards of performance in the marketplace. Additionally, the operating company will benefit from a clear structure that allows for greater agility in responding to market trends and customer demands.

In April 2025, PG plc and its subsidiaries finalised an assignment agreement with its wholly owned subsidiary, Giacla Limited, for the transfer of intellectual property and related assets at a total consideration of €43,872,000.

31. Related party transactions - continued

Transaction in respect of transfer of Intellectual Property rights to Giacla Limited - continued

The assets transferred, comprising trademarks, domains, trade secrets, standard operating procedures, and supplier and customer databases, were valued using a combination of recognised methodologies. These included the discounted cash flows method (based on revenue), the Relief from Royalty (RFR) method, the Multi-period Excess Earnings Methodology, and the cost method.

This rigorous valuation process ensures transparency and reflects the strategic importance of these assets in supporting PG plc's long-term growth and value creation.

The table below outlines the intellectual property and related assets transferred, the valuation methodologies applied to each asset category, and the key inputs considered in the valuation process.

Transferred Assets	**Fair value (€'000)**	**Valuation methodology**	**Key inputs and assumptions**
PAVI-PAMA Brand	29,809	Relief from royalty approach	- Implied royalty rate - Tax adjustment - Discount rate, including a risk premium over basic WAC - Terminal value growth rate - Tax amortisation benefit ('TAB')
Website and APP	219	Cost, adjusted for inflation	- Capitalised development costs
Standard Operating Procedures and Databases	11,335	Multi-period Excess Earnings Methodology	- Future cashflows to be generated - Contribution factor of IP-Contributary asset charges - Tax adjustment - Discount rate, including a risk premium over basic WACC - Tax amortisation benefit ('TAB')
All other IP	2,509		
Total (including TAB)	**43,872**		

The receivable of €43,872,000 arising upon sale was converted into loans, bearing annual interest of 3%, which loans are to be repaid in full by April 2045.

31. Related party transactions - continued

Year-end balances with associated related parties are disclosed in notes 12 and 18 to these financial statements.

Key management personnel compensation, consisting of directors' and senior management remuneration, is disclosed as follows:

	Group	
	2025	2024
	€'000	€'000
Directors	**804**	568
Senior Management	**462**	617
	1,266	1,185

32. Events after reporting period

On 29 July 2025, the group, acquired a property, namely the showroom without official number but styled 'S&S Bathrooms' with a frontage on Mosta Road, Lija, together with the surrounding land, which in all encompass an area of circa thirteen thousand one hundred square meters (13,100 sqm).

The sale has been made for the consideration of €19,000,000, of which €6,000,000 has been paid on the date of entry into the deed, with the balance being paid in twelve (12) instalments over a period of seventy-two (72) months.

33. Contingent liabilities

At 30 April 2025, the group had contingent liabilities amounting to €5,335,000 (2024: €5,200,000) with regards to guarantees mainly in favour of third parties issued by the bank on behalf of the Group in the ordinary course of business.

34. Statutory information

PG p.l.c. is a public limited company and is incorporated in Malta.

35. Comparative information

Comparative figures disclosed in the main components of these financial statements have been reclassified to conform with the current year's presentation format for the purpose of fairer presentation.

36. Subsidiaries and associates

The subsidiaries and associates at 30 April are shown below:

	Registered office	Principal activities	Percentage of shares held 2025	2024
Subsidiaries				
Alhambra Investment Limited	PG Group Head Offices PAMA Shopping Village Valletta Road, Mosta	Investment holding	**100**	100
Alhambra Trading Limited	PG Group Head Offices PAMA Shopping Village Valletta Road, Mosta	Operation of branded fashion retail outlet	**100**	100
Centre Point Properties Limited	PG Group Head Offices PAMA Shopping Village Valletta Road, Mosta	Operation of branded fashion retail outlet	**100**	100
PAVI Supermarkets Limited	PG Group Head Offices PAMA Shopping Village Valletta Road, Mosta	Operation of supermarket and management of retail area	**100**	100
PAVI Shopping Complex Limited	PG Group Head Offices PAMA Shopping Village Valletta Road, Mosta	Property leasing	**100**	100
PAMA Supermarket Limited	PG Group Head Offices PAMA Shopping Village Valletta Road, Mosta	Operation of supermarket	**100**	100
PAMA Rentals Limited	PG Group Head Offices PAMA Shopping Village Valletta Road, Mosta	Property leasing	**100**	100
PG Finance Limited	PG Group Head Offices PAMA Shopping Village Valletta Road, Mosta	Property leasing and Group treasury function	**100**	100
Pruna Trading Limited	PG Group Head Offices PAMA Shopping Village Valletta Road, Mosta	Importation and wholesale of retail products	**100**	100
PG Developments Limited	PG Group Head Offices PAMA Shopping Village Valletta Road, Mosta	Investment property	**100**	100
PACLA Limited	PG Group Head Offices PAMA Shopping Village Valletta Road, Mosta	Investment holding	**100**	-
GIACLA Limited	PG Group Head Offices PAMA Shopping Village Valletta Road, Mosta	Intellectual property company	**100**	-
DB Gauci Shopping Mall Limited	Ta' Clara Farmhouse Ramla Road, Maghtab, Naxxar	Property leasing	**60**	-

36. Subsidiaries and associates - continued

Associates

PAMA Shopping Village Limited	PG Group Head Offices PAMA Shopping Village Valletta Road, Mosta	Property leasing	**49**	49
PAMA Carparks Limited	Ta' Clara Farmhouse Ramla Road, Maghtab, Naxxar	Carpark management	**49**	49

pwc

Independent auditor's report

To the Shareholders of PG p.l.c.

Report on the audit of the financial statements

Our opinion

In our opinion:

- The Group financial statements and the Parent Company financial statements (the "financial statements") of PG p.l.c. give a true and fair view of the Group and the Parent Company's financial position as at 30 April 2025, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU; and
- The financial statements have been prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

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

What we have audited

PG p.l.c.'s financial statements comprise:

- the Consolidated and Parent Company statements of financial position as at 30 April 2025;
- the Consolidated and Parent Company statements of comprehensive income for the year then ended;
- the Consolidated and Parent Company statements of changes in equity for the year then ended;
- the Consolidated and Parent Company statements of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

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

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

Independence

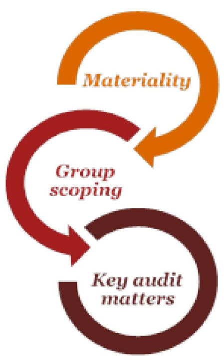
We are independent of the Group and the Parent Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements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

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

The non-audit services that we have provided to the parent company and its subsidiaries, in the period from 1 May 2024 to 30 April 2025 are disclosed in Note 19 to the financial statements.

Our audit approach

Overview



- Overall group materiality: €856,100, which represents 5% of profit before tax.

- The Group is composed of 14 reporting units all located in Malta. The Group auditor carried out the audit of the financial statements of the parent company as well as the audit of the financial statements of all the subsidiaries of the company.

- Existence, valuation and cut-off of inventory held by the Group
- Recoverability of loan receivable with subsidiary at parent company level

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

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

Overall materiality	€856,100
How we determined it	5% of profit before tax
Rationale for the materiality benchmark applied	We applied this benchmark because, in our view, profit before tax is the metric against which the performance of the Group is most commonly measured. We chose 5% which is within the range of acceptable quantitative materiality thresholds.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €85,600 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Existence, valuation and cut-off of inventory held by the Group Inventory for the Group as at 30 April 2025 amounted to €12.4 million and represented 34% of total current assets. This inventory mainly consists of stocks held in the supermarkets and stores and in the fashion retail outlets. Inventory is valued at the lower of cost and net realisable value. The valuation of inventory at cost is based on the weighted average cost per unit of inventory (the AVCO-principle). Due to the nature of the Group's operations, the number of transactions recorded through the inventory cycle during the year is very significant and dependant on the reliability of the Group's operating systems. We focused on this area because of the materiality of these balances and the related impact on working capital as well as on the cost of items sold. Relevant references in the Annual Financial Report: · Inventories: Note 11	We tested the existence of inventory mainly by attending a selection of inventory cycle counts in the supermarkets, attending the year-end count of related stores as well as observing the year-end stock counts in the fashion retail outlets. We performed test counts on a sample basis and compared the quantities counted by us with the results of the counts by the entities. We also checked that variances arising from our test counts were followed up by management and reflected in the accounting records. Our tests of detail on the valuation of inventory included the verification of inventory records against the respective supporting documentation on a sample basis. Furthermore, we also assessed slow moving items. Our audit procedures to assess inventory cut-off consisted of performing substantive procedures to ensure that the transfer of rights and obligations over inventory had been correctly reflected in the accounting records of the Group. Based on the procedures performed, we conclude that inventories as at year end are reasonably stated in the financial statements.
Recoverability of loan receivable with subsidiary at parent company level During 2025, PG p.l.c. and its subsidiaries entered into an asset purchase agreement with Giacla Limited (a subsidiary of PG p.l.c.), for the transfer of Intellectual Property (IP) and Relevant Assets (as further detailed in Note 31), for a consideration of €43.9 million. The receivable arising upon sale was converted into an interest-bearing loan mainly of €32.3 million with PG p.l.c. and €11.6 million with the other subsidiaries. These loans carry an annual interest of 3% and are to be repaid in full by 2045. Upon the transfer of the IP and relevant assets, PG p.l.c. and its subsidiaries recognised a gain within its profit and loss of €43.9 million. Prior to the conclusion of the above-mentioned agreement, management and the board of directors undertook significant judgements in relation to the valuation methodologies, assumptions and execution risk that impact the valuation supporting the consideration for the transfer of IP assets considered as part of this asset transfer. The magnitude of the receivable arising on the transfer of the above-mentioned IP and the period over which the loan is to be repaid exposes the Company to significant credit risk. The recoverability of the loan is heavily dependent on the reasonableness of the above-mentioned judgements underlying this IP transaction and the related valuation which resulted in this matter being identified as a significant area of audit focus. Relevant references in the Annual Financial Report: · Financial risk factors – credit risk: Note 2.1(b) · Critical accounting estimates and judgements: Note 3 · Trade and other receivables: Note 12 · Related party transactions: Note 31	Our procedures in relation to the recoverability of the loan from PG p.l.c. (and its subsidiaries) were focused on understanding and challenging the key assumptions and judgements underlying the valuation of the transferred IP. The main procedures performed are being highlighted below. For the valuation of each distinct intangible asset, we have engaged our internal valuation experts to: · evaluate the suitability and appropriateness of the valuation methodology applied; · assess the reasonableness of the key inputs and assumptions considered for each model. To the extent possible, we assessed whether the parameters utilised by management such as brand royalty rate, contributory asset charges, discount rate, growth rate, and tax amortisation benefits were reasonable by considering historical results, economic outlook, industry forecasts and other market data; · reperform the calculations used in the valuation report to check accuracy, and the key inputs in the valuation report were agreed to approved sources; · consider management's cash flow forecasts used in the valuation report, which includes expected business growth, by assessing the reasonableness of the forecasts in the context of the most recent business plan which had been approved by the Board of Directors; · critically assess the discount rate and terminal growth rate used in the discounted cash flow models; and · review management's reasonableness checks, primarily relating to the allocation of part of the enterprise value to intangible assets, and the Weight Average Return on Assets analysis. We assessed the reasonableness of management projections of Giacla Limited's cashflow for the loan period in relation to its ability to honour its financing and capital repayment obligations with PG p.l.c. (and its subsidiaries).

Our discussions with the Audit Committee in respect of this key audit matter focused on the key assumptions and judgements made. During these discussions, management confirmed their view that the valuation methodologies were appropriate, and that the key assumptions were subject to oversight.

Based on the above procedures performed, we found the assumptions and judgements underlying the valuation of the IP transferred, and therefore the recoverability of the loan, to be reasonable.

How we tailored our group audit scope

The Group is composed of 14 reporting units all located in Malta. We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group auditor performed all of this work by applying the overall group materiality, together with additional procedures performed on the consolidation. This gave us sufficient appropriate audit evidence for our opinion on the Group financial statements as a whole.

Other information

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

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

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

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

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Report on compliance with the requirements of the European Single Electronic Format Regulatory Technical Standard (the "ESEF RTS"), by reference to Capital Markets Rule 5.55.6

We have undertaken a reasonable assurance engagement in accordance with the requirements of Directive 6 issued by the Accountancy Board in terms of the Accountancy Profession Act (Cap. 281) - the Accountancy Profession (European Single Electronic Format) Assurance Directive ("the ESEF Directive 6") on the Annual Financial Report of PG p.l.c. for the year ended 30 April 2025, entirely prepared in a single electronic reporting format.

Responsibilities of the directors

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

Our responsibilities

Our responsibility is to obtain reasonable assurance about whether the Annual Financial Report, including the consolidated financial statements and the relevant electronic tagging therein, complies in all material respects with the ESEF RTS based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with the requirements of ESEF Directive 6.

Our procedures included:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the Annual Financial Report, in accordance with the requirements of the ESEF RTS.
- Obtaining the Annual Financial Report and performing validations to determine whether the Annual Financial Report has been prepared in accordance with the requirements of the technical specifications of the ESEF RTS.
- Examining the information in the Annual Financial Report to determine whether all the required taggings therein have been applied and whether, in all material respects, they are in accordance with the requirements of the ESEF RTS.

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

Opinion

In our opinion, the Annual Financial Report for the year ended 30 April 2025 has been prepared, in all material respects, in accordance with the requirements of the ESEF RTS.

Other reporting requirements

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

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

Area of the Annual Financial Report 2025 and the related Directors' responsibilities	Our responsibilities	Our reporting
Directors' report The Maltese Companies Act (Cap. 386) requires the directors to prepare a Directors' report, which includes the contents required by Article 177 of the Act and the Sixth Schedule to the Act.	We are required to consider whether the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements. We are also required to express an opinion as to whether the Directors' report has been prepared in accordance with the applicable legal requirements. In addition, we are required to state whether, in the light of the knowledge and understanding of the Company and its environment obtained in the course of our audit, we have identified any material misstatements in the Directors' report, and if so to give an indication of the nature of any such misstatements.	In our opinion: • the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Directors' report has been prepared in accordance with the Maltese Companies Act (Cap. 386). We have nothing to report to you in respect of the other responsibilities, as explicitly stated within the *Other information* section.
Corporate governance statement The Capital Markets Rules issued by the Malta Financial Services Authority require the directors to prepare and include in the Annual Financial Report a Statement of Compliance with the Code of Principles of Good Corporate Governance within Appendix 5.1 to Chapter 5 of the Capital Markets Rules. The Statement's required minimum contents are determined by reference to Capital Markets Rule 5.97. The Statement provides explanations as to how the Company has complied with the provisions of the Code, presenting the extent to which the Company has adopted the Code and the effective measures that the Board has taken to ensure compliance throughout the accounting period with those Principles.	We are required to report on the Statement of Compliance by expressing an opinion as to whether, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified any material misstatements with respect to the information referred to in Capital Markets Rules 5.97.4 and 5.97.5, giving an indication of the nature of any such misstatements. We are also required to assess whether the Statement of Compliance includes all the other information required to be presented as per Capital Markets Rule 5.97. We are not required to, and we do not, consider whether the Board's statements on internal control included in the Statement of Compliance cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.	In our opinion, the Statement of Compliance has been properly prepared in accordance with the requirements of the Capital Markets Rules issued by the Malta Financial Services Authority. We have nothing to report to you in respect of the other responsibilities, as explicitly stated within the *Other information* section.
Remuneration statement	We are required to consider whether the information that should be provided within the Remuneration report, as	In our opinion, the Remuneration report has been properly prepared in accordance with the

The Capital Markets Rules issued by the Malta Financial Services Authority require the directors to prepare a Remuneration report, including the contents listed in Appendix 12.1 to Chapter 12 of the Capital Markets Rules.	required in terms of Appendix 12.1 to Chapter 12 of the Capital Markets Rules, has been included.	requirements of the Capital Markets Rules issued by the Malta Financial Services Authority.
	Other matters on which we are required to report by exception We also have responsibilities under the Maltese Companies Act (Cap. 386) to report to you if, in our opinion: • adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us. • the financial statements are not in agreement with the accounting records and returns. • we have not received all the information and explanations which, to the best of our knowledge and belief, we require for our audit. We also have responsibilities under the Capital Markets Rules to review the statement made by the directors that the business is a going concern together with supporting assumptions or qualifications as necessary.	We have nothing to report to you in respect of these responsibilities.

Other matter – use of this report

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

Appointment

We were first appointed as auditors of the Company on 25 November 2016. Our appointment has been renewed annually by shareholder resolution representing a total period of uninterrupted engagement appointment of 9 years.

Stefan Bonello
Principal

For and on behalf of
PricewaterhouseCoopers
78, Mill Street
Zone 5, Central Business District
Qormi
Malta

29 August 2025