

**THE GENERAL SOFT DRINKS
COMPANY LIMITED**

**Annual Report and Financial Statements
31 December 2024**

THE GENERAL SOFT DRINKS COMPANY LIMITED
Annual Report and Financial Statements - 31 December 2024

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Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2024.

Principal activities

The company's principal activity, which is unchanged since last year, is the bottling and sale of soft drinks and mineral water.

Review of the business

All the company's revenues are derived from sales to GSD Marketing Limited, a fellow related party forming part of Mizzi Organisation, which acts as the sole point of contact for all customers of the Organisation's beverage activities. During 2024 the company achieved a revenue increase to €39,721,344 from €38,685,265 in 2023. Gross profit increased from €14,756,688 in 2023 to €16,141,233 in 2024. Despite experiencing an increase in distribution and selling costs as well as administrative expenses, in 2024 the Company registered an operating profit amounting to €4,643,813, compared to €4,497,163 in 2023. One of the factors contributing to this increase in the operating costs resulted from the introduction of a new longevity retention scheme. The scheme is earmarked to reward key employees on the basis of achieving performance objectives and their length of service with the company, with the ultimate goal to promote retention and loyalty. Finance charges in relation to borrowings decreased from €321,560 in 2023 to €283,352 in 2024.

The company registered a profit for the financial year of €4,230,451 (2023: €4,106,200).

During 2024, the company repaid €1,015,179 (2023: €3,349,322) in loan obligations. Total borrowings as at 31 December 2024 increased to €5,060,499 from €4,237,446 as at 31 December 2023.

Redefining Our Mission, Vision, and Values

In 2024, the Company undertook comprehensive exercise resulting in the redefinition of its mission, vision, and core values. This initiative was driven by the evolving needs of our stakeholders, our continued focus on sustainability, and our ambition to lead with purpose in the beverage industry.

Sustainability and Public Affairs Highlights

One of the key priority areas for the Public Affairs and Communications (PAC) Office in 2024 was the continued engagement with the Beverage Container Refund Scheme (BCRS). Our Company maintains active representation on the Board of Directors and the Technical Committee of BCRS Malta Ltd. through the Malta Beverage Producers Association. The Company holds a seat on the Advisory Board, which meets regularly with Circular Economy Malta - the government agency responsible for regulating the deposit scheme. Since its launch in November 2022, BCRS Malta Ltd. has continued to achieve notable success and results. In 2024, over 236 million beverage containers were collected and sent for recycling, reaching an 84% collection rate and surpassing the 80% national target.

Another major focus in 2024 was the rollout of the second phase of the Zero Waste HoReCa program, led by our Company in collaboration with Cypriot NGO AKTI Research Centre, local NGOs Zibel and Nature Trust, and funded by The Coca-Cola Foundation. This innovative initiative supports the hospitality industry in reducing carbon emissions, water use, and waste through a practical three-step approach: Calculate, Mitigate, Compensate. Over 150 establishments participated, with 40 awarded €500 grants to adopt sustainable practices. The program also supported the rehabilitation of two marine turtles and has been renewed for 2024 - 2025.

Directors' report - continued

Additionally in 2024, we concluded Phase 4 of the Alter Aqua water stewardship program focusing on the restoration of three historic reservoirs in Birgu and Pietà. A new mobile app featuring a reservoir trail route was launched in collaboration with the University of Malta. The program has been renewed for another two years, with the upcoming phase set to focus on greywater recycling in both domestic and hospitality settings.

Our Company also remained actively involved in consultations on proposed groundwater extraction tariffs, collaborating with key stakeholders and public agencies such as EWA.

Throughout the year the Company actively participated in various other stakeholder engagements including on The Packaging and Packaging Waste Regulation; Non-Communicable Diseases Prevention Framework; Malta's Strategy for Resilient Food Systems.

Community Engagement and Recognition

Throughout 2024, we continued our strong commitment to community engagement by supporting initiatives led by the Malta Community Chest Fund Foundation, Caritas, and Dar Bjorn.

In recognition of our sustainability efforts, GSD received the Silver Award for Business Leadership in Energy and Water Sustainability at the Malta Business Awards, hosted by the Chamber of SMEs, reinforcing our dedication to innovation and environmental responsibility.

Outlook for 2025

The projections for FY2025 are that the company will continue growing further in line with positive economic indicators.

The Boards of Directors of The General Soft Drinks Company Limited and of the companies constituting the Mizzi Organisation are comfortable with the financial position and performance of the companies forming part of the Group. The refinancing exercises effected in prior years have given the Group a fixed exposure when it comes to a significant portion of borrowing costs. This has created a hedge which will last for a number of years. Mizzi Organisation has over the years adopted highest levels of financial discipline which adds a layer of comfort on the Group's servicing obligations. Over the years, Mizzi Organisation Limited (a related party) has taken a treasury role within the Group which helps control and monitor the Group's overall loan exposure. The directors continue to adopt an approach of carrying out essential capital expenditure. The directors have also taken cognisance of the solid capital base and the diversity of the Organisation's business model of the companies within the Organisation. The directors consider the Organisation and all Mizzi Organisation companies to be a going concern. Hence the going concern assumption in the preparation of these financial statements is considered appropriate and there are no material uncertainties which may cast significant doubt about the ability of the Organisation and its companies to continue operating as a going concern.

Financial risk management

In 2024, there has been no change in the company's financial risk management objectives and policies, details of which, together with further information on the company's risk exposures can be found in Note 2 to the financial statements.

Directors' report - continued

Results and dividends

The financial results are set out in the income statement. The directors have proposed and paid a final net dividend of €2,000,000 (2023: €2,000,000).

The directors propose that the balance of retained earnings amounting to €37,888,747 (2023: €35,658,296) be carried forward to the next financial year.

Directors

The directors of the company who held office during the year were:

Brian R. Mizzi
Taryn Camilleri de Marco
Elisa H. Krantz
Maria Micallef
Simon Mizzi
Andrew Muscat
Kevin Rapinett

The company's Articles of Association do not require any directors to retire.

Statement of directors' responsibilities for the financial statements

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

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

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

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

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Directors' report - continued

The financial statements of The General Soft Drinks Company Limited for the year ended 31 December 2024 are included in the Annual Report and Financial Statements 2024, which is published in hard-copy printed form and made available on the Mizzi Organisation website (www.mizziorganisation.com). The directors of the entities constituting the Mizzi Organisation are responsible for the maintenance and integrity of the Annual Report on the website in view of their responsibility for the controls over, and the security of, the website. Access to information published on the Organisation'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.

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.

On behalf of the board



Elisa Hanna Krantz
Director



Kevin Rapinett
Director

Registered office:
The General Soft Drinks Company Limited
Marsa Industrial Estate
Marsa
Malta

30 April 2025

Independent auditor's report

To the Shareholders of The General Soft Drinks Company Limited

Report on the audit of the financial statements

Our opinion

In our opinion:

- The financial statements give a true and fair view of the financial position of The General Soft Drinks Company Limited (the Company) as at 31 December 2024, and of the company's 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).

What we have audited

The General Soft Drinks Company Limited's financial statements, set out on pages 10 to 49, comprise:

- the statement of financial position as at 31 December 2024;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include material accounting policies 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 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.

Independent auditor's report - continued

To the Shareholders of The General Soft Drinks Company Limited

Other information

The directors are responsible for the other information. The other information comprises the *Directors' report* (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 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 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 company or to cease operations, or have no realistic alternative but to do so.

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.

Independent auditor's report - continued

To the Shareholders of The General Soft Drinks Company Limited

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 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 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 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.

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

Independent auditor's report - continued

To the Shareholders of The General Soft Drinks Company Limited

Report on other legal and regulatory requirements

The *Annual Report and Financial Statements 2024* 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 Report, our related responsibilities and reporting, in addition to our responsibilities and reporting reflected in the *Other information* section of our report. Except as outlined in the table, we have not provided an audit opinion or any form of assurance.

Area of the Annual Report and Financial Statements 2024 and the related Directors' responsibilities	Our responsibilities	Our reporting
<p>Directors' report (on pages 1 to 4)</p> <p>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.</p>	<p>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.</p> <p>We are also required to express an opinion as to whether the Directors' report has been prepared in accordance with the applicable legal requirements.</p> <p>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.</p>	<p>In our opinion:</p> <ul style="list-style-type: none"> 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). <p>We have nothing to report to you in respect of the other responsibilities, as explicitly stated within the <i>Other information</i> section.</p>

Independent auditor's report - continued

To the Shareholders of The General Soft Drinks Company Limited

Area of the Annual Report and Financial Statements 2024 and the related Directors' responsibilities	Our responsibilities	Our reporting
	<p>Other matters on which we are required to report by exception</p> <p>We also have responsibilities under the Maltese Companies Act (Cap. 386) to report to you if, in our opinion:</p> <ul style="list-style-type: none"> • 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. 	<p>We have nothing to report to you in respect of these responsibilities.</p>

Other matter – use of this report

Our report, including the opinions, has been prepared for and only for the 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.



Fabio Axisa
Principal

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

30 April 2025

THE GENERAL SOFT DRINKS COMPANY LIMITED
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Statement of financial position

	Notes	As at 31 December		
		2024 €	2023 €	
ASSETS				
Non-current assets				
Property, plant and equipment	4	21,374,953	21,344,073	
Right-of-use assets	5	4,004,137	2,448,127	
Trade and other receivables	6	7,583,247	6,247,285	
Total non-current assets		32,962,337	30,039,485	
Current assets				
Inventories	7	5,978,413	6,119,216	
Trade and other receivables	6	21,042,344	19,182,582	
Current tax assets		2,256	-	
Cash and cash equivalents	8	5,422	5,422	
Total current assets		27,028,435	25,307,220	
Total assets		59,990,772	55,346,705	

Statement of financial position - continued

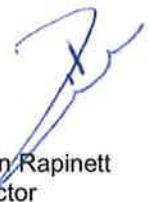
	Notes	As at 31 December		
		2024 €	2023 €	
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	9	500,000	500,000	
Retained earnings		37,888,747	35,658,296	
Total equity		38,388,747	36,158,296	
Non-current liabilities				
Trade and other payables	11	56,716	4,466	
Borrowings	12	1,484,541	2,499,720	
Lease liabilities	13	3,869,881	2,416,349	
Employee benefit obligations	14	131,606	873,000	
Total non-current liabilities		5,542,744	5,793,535	
Current liabilities				
Trade and other payables	11	11,264,199	11,529,074	
Borrowings	12	3,575,958	1,737,726	
Lease liabilities	13	283,124	128,074	
Employee benefit obligations	14	936,000	-	
Total current liabilities		16,059,281	13,394,874	
Total liabilities		21,602,025	19,188,409	
Total equity and liabilities		59,990,772	55,346,705	

The notes on pages 15 to 49 are an integral part of these financial statements.

The financial statements on pages 10 to 49 were authorised for issue by the Board on 30 April 2025 and were signed on its behalf by:



Elisa Hanna Krantz
Director



Kevin Rapinett
Director

Statement of comprehensive income

	Notes	Year ended 31 December	
		2024 €	2023 €
Revenue	15	39,721,344	38,685,265
Cost of sales	16	(23,580,111)	(23,928,577)
Gross profit		16,141,233	14,756,688
Distribution and selling costs	16	(7,936,141)	(7,112,291)
Administrative expenses	16	(3,673,140)	(3,184,884)
Other operating income	18	111,861	37,650
Operating profit		4,643,813	4,497,163
Finance costs	19	(413,362)	(390,963)
Profit for the year - total comprehensive income		4,230,451	4,106,200

The notes on pages 15 to 49 are an integral part of these financial statements.

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Statement of changes in equity

	Note	Share capital €	Retained earnings €	Total €
Balance at 1 January 2023		500,000	33,552,096	34,052,096
Comprehensive income				
Profit for the year				
- total comprehensive income		-	4,106,200	4,106,200
Transactions with owners				
Dividends relating to 2023	22		- (2,000,000)	(2,000,000)
Balance at 31 December 2023		500,000	35,658,296	36,158,296
Comprehensive income				
Profit for the year				
- total comprehensive income		-	4,230,451	4,230,451
Transactions with owners				
Dividends relating to 2024	22		- (2,000,000)	(2,000,000)
Balance at 31 December 2024		500,000	37,888,747	38,388,747

The notes on pages 15 to 49 are an integral part of these financial statements.

Statement of cash flows

	Notes	Year ended 31 December	
		2024 €	2023 €
Cash flows from operating activities			
Cash generated from operations	23	6,254,784	6,708,029
Interest paid	19	(283,352)	(321,560)
Tax paid		(2,256)	(2,256)
Net cash generated from operating activities		5,969,176	6,384,213
Cash flows from investing activities			
Payments for property, plant and equipment		(4,456,383)	(2,020,151)
Proceeds from disposal of property, plant and equipment		29,800	140,600
Net cash used in investing activities		(4,426,583)	(1,879,551)
Cash flows from financing activities			
Repayments of bank borrowings	12	-	(2,405,754)
Proceeds from borrowings from related party forming part of Mizzi Organisation	12	36,811	-
Repayments of borrowings from related party forming part of Mizzi Organisation	12	(1,015,179)	(943,568)
Dividends paid	22	(2,000,000)	(2,000,000)
Principal elements of lease payments	13	(365,646)	(129,096)
Net cash used in financing activities		(3,344,014)	(5,478,418)
Net movement in cash and cash equivalents		(1,801,421)	(973,756)
Cash and cash equivalents at beginning of year		(754,412)	219,344
Cash and cash equivalents at end of year	8	(2,555,833)	(754,412)

The notes on pages 15 to 49 are an integral part of these financial statements.

Notes to the financial statements

1. Summary of material accounting policies

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

1.1 Basis of preparation

The financial statements include the financial statements of The General Soft Drinks Company Limited. These financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the requirements of the Maltese Companies Act (Cap. 386). They have been prepared under the historical cost convention.

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 company's accounting policies (see Note 3 - Critical accounting estimates and judgements).

Assessment of appropriateness of the going concern assumption in the preparation of the financial statements

The projections for FY2025 are that the company will continue growing further in line with positive economic indicators.

The Boards of Directors of The General Soft Drinks Company Limited and of the companies constituting the Mizzi Organisation are comfortable with the financial position and performance of the companies forming part of the Group. The refinancing exercises effected in prior years have given the Group a fixed exposure when it comes to a significant portion of borrowing costs. This has created a hedge which will last for a number of years. Mizzi Organisation has over the years adopted highest levels of financial discipline which adds a layer of comfort on the Group's servicing obligations. Over the years, Mizzi Organisation Limited (a related party) has taken a treasury role within the Group which helps control and monitor the Group's overall loan exposure. The directors continue to adopt an approach of carrying out essential capital expenditure. The directors have also taken cognisance of the solid capital base and the diversity of the Organisation's business model of the companies within the Organisation. The directors consider the Organisation and all Mizzi Organisation companies to be a going concern. Hence the going concern assumption in the preparation of these financial statements is considered appropriate and there are no material uncertainties which may cast significant doubt about the ability of the Organisation and its companies to continue operating as a going concern.

Standards, interpretations and amendments to published standards effective in 2024

In 2024, the company adopted new standards, amendments and interpretations to existing standards that are mandatory for the company's accounting period beginning on 1 January 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 the company's financial results and position.

1. Summary of material accounting policies - continued

1.1 Basis of preparation - continued

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

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are mandatory for the company's accounting periods beginning after 1 January 2024. In particular, IFRS 18 'Presentation and Disclosure in Financial Statements' is effective for annual periods beginning on or after 1 January 2026 with earlier application permitted, subject to endorsement by the EU. This is the new standard on presentation and disclosure in the financial statements, with a focus on updates to the statement of profit or loss. The Company has not early adopted these revisions to the requirements and the Directors are of the opinion that there are no requirements that will have a possible significant impact on the Company's financial results and financial position in the period of initial application.

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

IFRS 18 will 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. This standard has not yet been endorsed by the EU as at the date of authorisation for issue of these financial statements. 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. The standard will require management-defined performance measures within the financial statements. The company will assess the detailed implications of the new standard on the company's financial statements subsequent to endorsement of IFRS 18 by the EU.

1.2 Functional and presentation currency

Items included in these financial statements 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 functional currency and the presentation currency.

1.3 Property, plant and equipment

All property, plant and equipment is initially recorded at historical cost and subsequently stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items, including borrowing costs as specified in Note 1.16.

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 company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost of the assets to their residual values over their estimated useful lives, as follows:

	%
Buildings and integral assets	1 $\frac{2}{3}$ - 10
Plant and machinery	10 - 25
Office furniture and equipment	10 - 33 $\frac{1}{3}$
Motor vehicles	10 - 25

1. Summary of material accounting policies - continued

1.3 Property, plant and equipment - continued

Assets in the course of construction and payments on account are not depreciated. Buildings and integral assets are depreciated over the term of the lease arrangement or over the estimated useful life of the assets if shorter than the lease term. The estimated useful life of the integral assets ranges from ten to twenty years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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. 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). Property, plant and equipment that suffered an impairment is reviewed for possible reversal of the impairment at the end of each reporting period.

Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amount and are recognised in profit or loss.

1.4 Financial assets

Classification

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

- those to be measured subsequently at fair value (through other comprehensive income); 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 assets measured at fair value, gains and losses will be recorded in other comprehensive income (OCI). For investments in equity instruments that are not held for trading, the company is allowed to make an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The company reclassifies financial assets, comprising debt instruments, when and only when its business model for managing those assets changes.

Recognition and derecognition

The company recognises a financial asset in its statement of financial position when it becomes a party to the contractual provisions of the instrument.

Regular way purchases and sales of financial assets are recognised on settlement date, the date on which an asset is delivered to or by the company. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership or has not retained control of the asset.

Measurement

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

1. Summary of material accounting policies - continued

1.4 Financial assets – continued

Debt instruments

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are subsequently measured at amortised cost. 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. Impairment losses are presented in the statement of profit or loss.

Accordingly the company subsequently measures its financial assets comprising of loans and advances, trade and other receivables and cash and cash equivalent at amortised cost.

Impairment

The company 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 and contract assets, the company 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 for further details).

1.4.1 Trade and other receivables

Trade receivables comprise amounts due from customers for merchandise sold or services performed 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 receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less expected credit loss allowances.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

1.4.2 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

1.5 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. The cost of raw materials, spare parts and other consumables comprises the invoiced value of materials, and, in general, includes transport and handling costs. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. In respect of container stocks, net realisable value is estimated by writing down the cost of these stocks to estimated residual values over their estimated useful life.

1. Summary of material accounting policies - continued

1.6 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

1.7 Financial liabilities

The company recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument. The company's financial liabilities are classified as financial liabilities measured at amortised cost, i.e. not at fair value through profit or loss 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 company 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.

1.7.1 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 payables 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.

1.7.2 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 company has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

1.8 Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

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 cost.

1. Summary of material accounting policies – continued

1.9 Employee benefits

Post-employment benefits

The company has set up a post-employment scheme in the form of a defined benefit plan. A defined benefit plan defines an amount of post-employment benefit that an employee will receive on retirement. In the case of the company, this amount is dependent on an employee's final compensation upon resignation/end of contract, as well as completed months/years of service. The liability recognised in the statement of financial position in respect of a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period, together with adjustments for unrecognised past-service costs. A defined benefit obligation is calculated annually using the projected unit credit method. The present value of a defined benefit obligation is determined by discounting the estimated future cash outflows using interest rate yields of government or high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related post-employment benefit liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in profit or loss.

Long-term employee benefits

The company has set up a long-term employee benefit scheme in the form of a defined benefit plan. Long-term employee benefits are employee benefits (other than post-employment benefits) that are not expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the service that gives rise to the benefit. Under the company's scheme, the long-term employee benefits are dependent on senior management employees' achievement of identifiable performance objectives and defined periods of service. Long-term employee benefits are accounted for in the same way as post-employment benefits referred to above, utilising the accounting principles applicable to defined benefit plans and obligations, with the exception that remeasurements are recognised immediately through profit or loss.

1.10 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.

1.11 Current and deferred tax

The tax expense for the period 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.

Deferred tax is recognised in full, 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 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 income tax asset is realised or the deferred tax liability is settled.

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

1. Summary of material accounting policies – continued

1.11 Current and deferred tax - continued

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

1.12 Revenue recognition

Revenues include all revenues from the ordinary business activities of the company. Ordinary activities do not only refer to the core business but also to other recurring sales of goods or rendering of services. Revenues are recorded net of value added tax. The company's business includes various activities as disclosed in Note 15 'Revenue'.

(a) Sale of goods and services

Revenues are recognised in accordance with the provision of goods or services, provided that collectability of the consideration is probable.

IFRS 15 requires that at contract inception the goods or services promised in a contract with a customer are assessed and each promise to transfer to the customer the good or service is identified as a performance obligation. Promises in a contract can be explicit or implicit if the promises create a valid expectation to provide a good or service based on the customary business practices, published policies, or specific statements.

A contract asset must be recognised if an entity forming part of the company recorded revenue for fulfilment of a contractual performance obligation before the customer paid consideration or before - irrespective of when payment is due - the requirements for billing and thus the recognition of a receivable exist.

A contract liability must be recognised when the customer paid consideration or a receivable from the customer is due before the company fulfilled a contractual performance obligation and thus recognised revenue.

Sales of beverages - wholesale

The company manufactures and sells a range of beverage products in the wholesale market. Sales are recognised when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been delivered to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the company has objective evidence that all criteria for acceptance have been satisfied.

The beverage goods are also sold with retrospective volume discounts based on aggregate sales over a 12 months period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (within trade and other payables) would be recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present.

1. Summary of material accounting policies - continued

1.12 Revenue recognition - continued

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

Financing

The company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the company does not adjust any of the transaction prices for the time value of money.

1.13 Customer contract assets and liabilities

The timing of revenue recognition may differ from customer invoicing. Trade receivables presented in the statement of financial position represent an unconditional right to receive consideration (primarily cash), i.e. the services and goods promised to the customer have been transferred.

By contrast, contract assets mainly refer to amounts allocated per IFRS 15 as compensation for goods or services provided to customers for which the right to collect payment is subject to providing other services or goods under that same contract. Contract assets, like trade receivables, are subject to impairment for credit risk. The recoverability of contract assets is also verified, especially to cover the risk of impairment should the contract be interrupted.

Contract liabilities represent amounts paid by customers before receiving the goods and/or services promised in the contract. This is typically the case for advances received from customers or amounts invoiced and paid for goods or services not transferred yet (previously recognised in deferred income).

1.14 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the company will comply with all attached conditions. Government grants related to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs they are intended to compensate.

Government grants related to assets, i.e. in respect of the purchase of property, plant and equipment, are included in liabilities as deferred government grants, and are credited to profit or loss on a straight-line basis over the expected lives of the related assets, presented under 'Other operating income'.

Grants related to income are presented as a deduction in reporting the related expense.

1. Summary of material accounting policies - continued

1.15 Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or a series of payment, the right to use an asset for an agreed period of time.

The company is the lessee

At inception of a contract, an entity shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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 company.

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

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

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

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, 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 company:

- where possible, uses recent third-party financing received by the lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the company, where there is no third party financing; and
- makes adjustments specific to the lease, eg term.

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 following:

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

1. Summary of material accounting policies - continued

1.15 Leases - continued

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 company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of properties, the following factors are normally the most relevant in considering to extend (or not terminate):

- if there are significant penalties to terminate (or not extend), the company is typically reasonably certain to extend (or not terminate); and
- if any leasehold improvements are expected to have a significant remaining value, the company is typically reasonably certain to extend (or not terminate).

Otherwise, the group undertaking considers other factors including historical lease durations and the costs and business disruption required to replace the leased assets.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

1.16 Borrowing costs

Borrowing costs which are incurred for the purpose of acquiring or constructing qualifying property, plant and equipment 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 interest-bearing borrowings.

1.17 Dividend distribution

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

2. Financial risk management

2.1 Financial risk factors

The company's activities potentially expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk. The company's overall risk management, focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance. The company's board of directors provides principles for overall company risk management, as well as policies covering risks referred to above and specific areas such as investment of excess liquidity. The company did not make use of derivative financial instruments to hedge certain risk exposures during the current and preceding financial years.

(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 entity's functional currency. The company is exposed to foreign exchange risk arising from the company's purchases denominated in sterling and US dollar, which purchases are not considered material. The company's risk exposures reflecting the carrying amount of payables denominated in foreign currencies at the end of the reporting period were not significant.

The company's revenues, purchases and other expenditure, financial assets and liabilities, including financing, are mainly denominated in euro except as outlined above. As outlined previously, management does not consider foreign exchange risk attributable to recognised liabilities arising from purchase transactions to be significant since the volume of such purchases and outstanding balances at end of the reporting period are not significant in relative terms. Balances are settled within very short periods in accordance with the negotiated credit terms. Also, foreign exchange risk attributable to future transactions is not deemed to be material since the company manages the risk by reflecting, as far as is practicable, the impact of exchange rate movements registered with respect to purchases in the respective sales prices.

Accordingly, the company is not significantly exposed to foreign exchange risk and a sensitivity analysis for foreign exchange risk disclosing how profit or loss and equity would have been affected by changes in foreign exchange rates that were reasonably possible at the end of the reporting period is not deemed necessary.

(ii) Cash flow and fair value interest rate risk

The company has no significant interest-bearing assets other than non-current other receivables (see Note 6), which are subject to fixed interest rates. These instruments potentially expose the company to fair value interest rate risk, but are measured at amortised cost. The company's bank borrowings and borrowings from a related party are subject to floating rates of interest. Balances subject to variable interest rates expose the company to cash flow interest rate risk. Management monitors the impact of changes in market interest rates on amounts reported in profit or loss in this respect. Based on this analysis, management considers the potential impact on profit or loss of a defined interest rate shift that is reasonably possible at the end of the reporting period to be immaterial. The level of interest rate risk is contained and the company's cash flows are substantially independent of changes in market interest rates.

2. Financial risk management - continued

(iii) **Price risk**

The company is exposed to commodity price risk in relation to purchases of certain raw materials. The company enters into contractual arrangements for the procurement of these raw materials at variable market prices but at the end of the reporting period there were no outstanding contractual commitments in this respect. Management does not consider the potential impact on profit or loss of a defined shift in commodity prices that is reasonably possible at the end of the reporting period to be significant, particularly in view of the weighting of purchases of such raw materials in relation to the company's total purchases.

(b) **Credit risk**

Credit risk arises from cash and cash equivalents and credit exposures to customers, including outstanding debtors and committed transactions. The company's exposures to credit risk at the end of the reporting period are analysed as follows:

	2024	2023
	€	€
Financial assets measured at amortised cost:		
Trade and other receivables (Note 6)	27,736,656	24,632,664
Cash and cash equivalents (Note 8)	5,422	5,422
	<hr/> 27,742,078	24,638,086

The maximum exposure to credit risk at the end of the reporting period in respect of the financial assets mentioned above is equivalent to their carrying amount as disclosed in the respective notes to the financial statements. The company does not hold any significant collateral as security in this respect. The figures disclosed above in respect of trade and other receivables exclude prepayments and advance payments to suppliers.

Cash and cash equivalents

The company principally banks with local financial institutions with high-quality standing or rating. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified expected credit loss is insignificant.

Trade and other receivables (including contract assets)

The company's entire goods for resale which are sold are invoiced to GSD Marketing Limited, a related party forming part of Mizzi Organisation (Note 25). In turn the related party sells the goods to third parties with the objective that the related party acts as the sole customer facing entity for the Organisation's beverage activities. In this respect, both the company and the related party reflect expected credit loss allowances, including provisions for credit impaired receivables in relation to receivables attributable to the respective business operations, as further explained below. These financial assets are considered as trade receivables within this note, for the purpose of credit risk management disclosures, even though they are presented as amounts receivable from related parties forming part of Mizzi Organisation.

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

2. Financial risk management - continued

In view of the nature of the company's activities and the market in which it operates, a limited number of customers account for a certain percentage of the company's trade and other receivables. Whilst no individual customer or group of dependent customers is considered by management as a significant concentration of credit risk with respect to contractual debts, these exposures are monitored and reported more frequently and rigorously. Generally, these customers trade frequently with the company and are deemed by management to have positive credit standing, usually taking cognisance of the performance history without defaults.

The company manages credit limits and exposures actively in a practicable manner such that past due amounts receivable from customers are within controlled parameters. The company's trade and other receivables, which are not credit impaired financial assets, are principally debts in respect of transactions with customers for whom there is no recent history of default. Management does not expect any losses from non-performance by these customers.

Impairment of trade receivables (including contract assets)

The company 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. Contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for contract assets.

The expected loss rates are based on the payment profiles of sales over a period of time before the reporting date 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 company uses judgement in making these assumptions and selecting the inputs to the impairment calculation and adjusts the historical loss rates based on expected changes in these factors. Credit loss allowances include specific provisions against credit impaired individual exposures with the amount of the provisions being equivalent to the balances attributable to credit impaired receivables.

On that basis, the loss allowance for trade receivables, for both the company and the related party referred to previously, as at 31 December 2024 and 2023 was determined as follows:

31 December 2024	Up to 60 days past due	61 to 120 days past due	121 to 272 days past due	273 to 365 days past due	+365 days past due	Total
Expected loss rate	0.5 – 3.8%	1.9 – 7.9%	4.3 – 13%	8.4 – 25.1%	100%	
Gross carrying amount (€)	11,524,050	812,676	275,971	110,337	2,127,378	14,850,412
Loss allowance (€)	147,263	35,297	27,613	19,619	2,127,378	2,357,170

31 December 2023	Up to 60 days past due	61 to 120 days past due	121 to 272 days past due	273 to 365 days past due	+365 days past due	Total
Expected loss rate	0.5 – 3.8%	1.9 – 7.9%	4.3 – 13%	8.4 – 25.1%	100%	
Gross carrying amount (€)	9,515,932	610,393	191,566	211,163	2,125,498	12,654,552
Loss allowance (€)	117,943	28,992	18,229	30,280	2,125,498	2,320,942

2. Financial risk management - continued

The loss allowance for trade receivables for an amount of €1,725,379 (2023: €1,701,405) is recognised by the Company and the remaining amounts by the related party referred to previously. The movements in credit loss allowances recognised by the company are disclosed in Note 16.

The company engages in routine monitoring of the account activity and repayment patterns of its trade receivables. Customers are segmented based on shared credit risk characteristics predominantly by economic sector, and accordingly receivables pertaining to certain higher risk segments are subjected to more rigorous monitoring. The Company also engages in monitoring information available on macro-economic factors affecting customer repayment ability, with a view to also assess the respective actual and projected repayment ability of the customers serviced by the company. The Company determines expected credit loss rates by taking cognisance of the projected impact on the repayment ability of the Company's customers, the repayment pattern actually experienced, and the estimated life of trade receivables. As at 31 December 2024, the Company retained the same expected credit loss rates as those applied as at 31 December 2023.

The company established an allowance for impairment that represented its estimate of expected credit losses in respect of trade receivables. The individually credit impaired trade receivables mainly relate to a number of independent customers which are in unexpectedly difficult economic situations and which are accordingly not meeting repayment obligations. Hence, provisions for impairment in respect of credit impaired balances with corporate trade customers relate to entities which are in adverse trading and operational circumstances. Reversals of provisions for impairment of credit impaired receivables arise in those situations where customers recover from unfavourable circumstances and accordingly start meeting repayment obligations. The company does not hold any significant collateral as security in respect of the credit impaired assets.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the company, and a failure to make contractual payments for a period of greater than a year past due.

Credit losses on trade receivables and contract assets are presented as administrative expenses under operating profit. Subsequent recoveries of amounts written off are credited against the same line item.

Ageing analysis of trade receivables

Categorisation of receivables as past due is determined by the company on the basis of the nature of the credit terms in place and credit arrangements actually utilised in managing exposures with customers. At 31 December 2024 and 2023, the company's past due but not impaired receivables and the carrying amount of trade receivables that would otherwise be past due or credit impaired whose terms have been renegotiated, were not deemed material in the context of the company's trade receivables figures.

2. Financial risk management - continued

Impairment of other receivables

The arrangement between the company and the related party referred to previously also includes receivables from customers in relation to contractual arrangements with such debtors. These financial assets are deemed other contractual receivables within this note, for the purposes of credit risk management disclosures, even though they are presented as amounts receivable from related parties forming part of Mizzi Organisation. In this respect, management assesses on a forward-looking basis the expected credit losses ('ECL') on the basis of the 'three-stage' model for impairment outlined by IFRS 9, based on changes in credit quality since initial recognition as summarised below:

- Other receivables that are not credit impaired on initial recognition are classified in 'Stage 1' and their credit risk is continuously monitored by the company. Their ECL is measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the receivables are moved to 'Stage 2' but are not yet deemed to be credit impaired.
- If the receivables are credit impaired, they are then moved to 'Stage 3'.
- Instruments in 'Stage 2' or 'Stage 3' have their ECL measured based on expected credit losses on a lifetime basis. A description of inputs and assumptions used in measuring the ECL are outlined below.

The assessment of SICR incorporates forward-looking information and is reviewed on a periodic basis. As required by IFRS 9, management presumes that a SICR generally occurs when an asset is more than 30 days past due. The entity determines days past due by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. The probability of default (PD) is also derived from internally compiled statistics and other historical data, adjusted to reflect forward-looking information.

The assessment to determine the extent of increase in credit risk attributable to other receivables since initial recognition is performed by considering the change in the risk of default occurring over the remaining life of the receivable. As a result, the definition of default is important and considers qualitative (such as non-adherence to terms and conditions of agreement and overdue status) and quantitative factors where appropriate.

Management determines that a receivable is in default (or credit impaired and accordingly stage 3 for IFRS 9 purposes) by considering relevant objective evidence, primarily whether contractual payments of either principal or interest are past due for more than 60 days for any material credit obligations and there are other indicators that the debtor is unlikely to pay.

The default definition has been applied consistently to model the probability of default (PD), exposure at default (EAD) and Loss Given Default (LGD) throughout the company's expected loss calculations.

Impairment of other receivables: Explanation of inputs

The ECL is measured on either a 12-month or on a lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit impaired. Expected credit losses are the product of the PD, EAD and LGD.

The PD represents the likelihood of a customer defaulting on its financial obligation either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. Accordingly, the 12-month and lifetime PDs represent the probability of default occurring over the next 12 months and the remaining maturity of the receivable, respectively.

EAD represents the expected exposure in the event of a default. The EAD of a financial asset is the gross carrying amount at default. The 12-month and lifetime EADs are determined based on the expected payment profiles.

2. Financial risk management - continued

LGD represents management's expectation of the extent of loss on a defaulted exposure. Hence, the LGD represents expected credit losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of any collateral value at the time it is expected to be realised and the time value of money.

The loss allowance for other receivables from customers in relation to contractual arrangements as at 31 December 2024 and 2023 was determined as follows:

As at 31 December 2024	Stage 1	Stage 2	Stage 3	Total
Probability of default (PD)	7.5%	20%	100%	
Loss given default (LGD)	100%	100%	100%	
Gross carrying amount (EAD) - €	5,161,296	1,054,550	1,359,843	7,575,689
Loss allowance (€)	387,097	210,910	1,359,843	1,957,850
As at 31 December 2023	Stage 1	Stage 2	Stage 3	Total
Probability of default (PD)	7.5%	20%	100%	
Loss given default (LGD)	100%	100%	100%	
Gross carrying amount (EAD) - €	3,995,357	941,259	1,383,355	6,319,971
Loss allowance (€)	299,652	188,251	1,383,355	1,871,258

The loss allowance for other receivables from customers in relation to contractual arrangements is recognised in full by the company. The movement in these credit loss allowances is disclosed in Note 16.

Credit loss allowances include specific provisions against credit impaired individual exposures with the amount of the provisions being equivalent to the balances attributable to credit impaired receivables.

Management established an allowance for impairment that represented its estimate of expected credit losses in respect of other receivables. The individually credit impaired receivables mainly relate to a number of independent debtors which are in unexpectedly difficult economic situations and which are accordingly not meeting repayment obligations. Reversals of provisions for impairment of credit impaired receivables arise in those situations where customers recover from unfavourable circumstances and accordingly start meeting repayment obligations. The company does not hold any significant collateral as security in respect of the credit impaired assets.

Receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the company, and a failure to make contractual payments for a period of greater than a year past due. Credit losses are presented within operating profit. Subsequent recoveries of amounts written off are credited against the same line item.

2. Financial risk management - continued

As at 31 December 2024 other receivables from customers in relation to contractual arrangements of €843,640 (2023: €753,007) were past due but not credit impaired. These mainly relate to a number of independent customers for whom there is no recent history of default. Categorisation of other receivables as past due is determined by the company on the basis of the nature of the credit terms in place and credit arrangements actually utilised in managing exposures with customers. At 31 December 2024 and 2023, the carrying amount of other receivables that would otherwise be past due or credit impaired whose terms have been renegotiated, were not deemed material in the context of the company's other receivables figures.

Amounts owed by related parties

As noted earlier, the company's entire sales of products are invoiced to GSD Marketing Limited, a related party forming part of Mizzi Organisation, with the objective that the related party acts as the sole customer facing entity for the Organisation's beverage activities. Accordingly, the company's debtors include significant amounts due from this related party (see Note 6). In this respect, the company has also undertaken not to request repayment of amounts due by this related party, until alternative financing is available, to enable the latter to continue to manage its net current liability position effectively within the context of a normalised liquidity management stance.

The Organisation's treasury monitors intra-group credit exposures at individual entity level on a regular basis and ensures timely performance of these assets in the context of overall group liquidity management. The company assesses the credit quality of related parties taking into account financial position, performance and other factors. The company takes cognisance of the related party relationship with these entities and management does not expect any losses from non-performance or default. Other than the sales arrangement with the related party referred to previously, all other balances owed by related parties are repayable on demand. Accordingly, expected credit losses are based on the assumption that repayment of the balances is demanded at the reporting date. The expected credit loss allowance attributable to related party balances is insignificant.

(c) Liquidity risk

The company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise lease liabilities (Note 13), borrowings (Note 12) and trade and other payables (Note 11). 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 company's obligations.

Management monitors liquidity risk by reviewing expected cash flows, and ensures that no additional financing facilities are expected to be required over the coming year. This is also performed at a central treasury function which controls the overall liquidity requirements of the Mizzi Organisation within certain parameters. The company's liquidity risk is actively managed taking cognisance of the matching of cash inflows and outflows arising from expected maturities of financial instruments, together with the company's committed bank borrowing facilities and other intra-Organisation financing that it can access to meet liquidity needs. In this respect management does not consider liquidity risk to the company as significant taking into account the liquidity management process referred to above.

2. Financial risk management - continued

The company's trade and other payables are predominantly repayable within one year from the end of the reporting period. The table below analyses the company's principal financial liabilities into relevant maturity groupings based on the remaining term at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 year €	Between 1 and 2 years €	Between 2 and 5 years €	Over 5 years €	Total €
At 31 December 2024					
Lease liabilities	416,404	417,719	1,121,674	4,194,541	6,150,338
Bank borrowings	2,961,255	-	-	-	2,961,255
Loan from related party forming part of Mizzi Organisation	1,092,556	951,843	586,357	-	2,630,756
Trade and other payables	10,255,024	-	-	-	10,255,024
 At 31 December 2023					
Lease liabilities	212,880	212,880	568,755	3,379,150	4,373,665
Bank borrowings	759,834	-	-	-	759,834
Loan from related party forming part of Mizzi Organisation	1,092,556	1,092,556	1,536,946	-	3,722,058
Trade and other payables	10,691,330	-	-	-	10,691,330

2.2 Capital risk management

The company's capital is managed at the level of Mizzi Organisation by reference to the aggregate level of equity and borrowings or debt as disclosed in the respective consolidated financial statements of Consolidated Holdings Limited and Mizzi Organisation Limited, together with the financial statements of The General Soft Drinks Company Limited, GSD Marketing Limited and Mizzi EV Limited. The capital of the entities forming part of the Mizzi Organisation, which have been mentioned above, is managed on an aggregate basis by the Organisation as if they were organised as one entity. The Organisation's objectives when managing capital are to safeguard the company'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 amount of dividends paid to shareholders.

2. Financial risk management - continued

The Organisation 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 (as shown in the respective statement of financial position) less cash and cash equivalents. Total capital is calculated as equity, as shown in the respective statement of financial position, plus net debt. The aggregated figures in respect of the Organisation's equity and borrowings are reflected below:

	2024 €	2023 €
Total borrowings	101,417,350	105,522,882
Less: Cash and cash equivalents	(13,953,471)	(7,891,663)
Net debt	87,463,879	97,631,219
Total equity	196,635,350	182,488,183
Total capital	284,099,229	280,119,402
Net debt/total capital	31%	35%

The Organisation manages the relationship between equity injections and borrowings, being the constituent elements of capital as reflected above, with a view to managing the cost of capital. The level of capital of The General Soft Drinks Company Limited, 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 company's activities and the extent of borrowings or debt, the capital level at the end of the reporting period determined by reference to the financial statements is deemed adequate by the directors.

2.3 Fair values of financial instruments

At 31 December 2024 and 2023 the carrying amounts of cash at bank, receivables, payables, accrued expenses and short-term borrowings 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 expected realisation.

The fair value of non-current financial instruments for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments. The carrying amount of the company's non-current receivables fairly approximates the estimated fair value of these assets based on discounted cash flows. The fair value of the company's non-current floating interest rate borrowings from a related party forming part of Mizzi Organisation at the end of the reporting period is not significantly different from the carrying amount. The carrying amounts of the other financial liabilities as at 31 December, comprising lease liabilities, are reasonable estimates of their fair value. The current market interest rates utilised for discounting purposes, which were almost equivalent to the respective instruments' contractual interest rates, are deemed observable and accordingly these fair value estimates have been categorised as level 2 within the fair value measurement hierarchy required by IFRS 7, *'Financial Instruments: Disclosure'*.

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, 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.

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4. Property, plant and equipment

	Buildings and integral assets €	Plant and machinery €	Office furniture and equipment €	Motor vehicles €	Others €	Total €
At 1 January 2023						
Cost	27,576,701	25,891,269	6,919,415	3,770,496	-	64,157,881
Accumulated depreciation	(9,981,275)	(23,222,354)	(6,494,537)	(3,120,213)	-	(42,818,379)
Net book amount	17,595,426	2,668,915	424,878	650,283	-	21,339,502
Year ended 31 December 2023						
Opening net book amount	17,595,426	2,668,915	424,878	650,283	-	21,339,502
Additions	635,015	1,096,372	311,719	129,905	126,255	2,299,266
Disposals	-	(388,170)	-	(20,266)	-	(408,436)
Depreciation charge	(922,406)	(715,634)	(351,608)	(168,445)	-	(2,158,093)
Depreciation released on disposals	-	251,568	-	20,266	-	271,834
Closing net book amount	17,308,035	2,913,051	384,989	611,743	126,255	21,344,073
At 31 December 2023						
Cost	28,211,716	26,599,471	7,231,134	3,880,135	126,255	66,048,711
Accumulated depreciation	(10,903,681)	(23,686,420)	(6,846,145)	(3,268,392)	-	(44,704,638)
Net book amount	17,308,035	2,913,051	384,989	611,743	126,255	21,344,073
Year ended 31 December 2024						
Opening net book amount	17,308,035	2,913,051	384,989	611,743	126,255	21,344,073
Additions	283,294	1,372,867	91,761	433,019	134,767	2,315,708
Reclassifications	-	-	261,022	-	(261,022)	-
Disposals	-	(18,820)	-	(195,406)	-	(214,226)
Depreciation charge	(935,537)	(802,646)	(317,298)	(214,812)	-	(2,270,293)
Depreciation released upon disposals	-	11,292	-	188,399	-	199,691
Closing net book amount	16,655,792	3,475,744	420,474	822,943	-	21,374,953
At 31 December 2024						
Cost	28,495,010	27,953,518	7,583,917	4,117,748	-	68,150,193
Accumulated depreciation	(11,839,218)	(24,477,774)	(7,163,443)	(3,294,805)	-	(46,775,240)
Net book amount	16,655,792	3,475,744	420,474	822,943	-	21,374,953

5. Right-of-use assets

The company's leasing activities

The company mainly has a 65 year emphyteutical grant for land in Marsa entered into in 2005. The company also has a number of leases for certain warehouse equipment. Such rental contracts are typically made for fixed periods between 5 and 10 years, but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants. Leased assets may not be used as security for borrowing purposes.

Extension and termination options are included in the majority of the company's leases. These terms are used to maximise operational flexibility in respect of managing contracts. The majority of extension and termination options held are exercisable only by the company and not by the lessor. In respect of the majority of lease arrangements, the extension periods have been included in determining lease term for the respective arrangement.

The statement of financial position reflects the following assets relating to leases:

	2024 €	2023 €
Properties	1,783,848	1,823,023
Warehouse equipment	2,220,289	625,104
Total right-of-use assets	4,004,137	2,448,127

The movement in the carrying amount of these assets is analysed in the following table:

	2024 €	2023 €
As at 1 January	2,448,127	1,875,330
Additions	1,844,218	672,065
Depreciation	(288,208)	(99,268)
As at 31 December	4,004,137	2,448,127

The income statement reflects the following amounts relating to leases:

	2024 €	2023 €
<i>Depreciation charge of right-of-use assets</i>		
Warehouse equipment	249,033	46,961
Properties	39,175	52,307
	288,208	99,268
<i>Interest expense (included in finance costs)</i>	130,010	69,403

6. Trade and other receivables

	2024	2023
	€	€
Current		
Amounts owed by related parties forming part of Mizzi Organisation	19,276,544	17,244,241
Amounts owed by other related parties	-	13,679
Advance payments to suppliers	671,607	565,279
Other receivables	876,865	1,127,459
Prepayments	217,328	231,924
	21,042,344	19,182,582
Non-current		
Amounts owed by related party forming part of Mizzi Organisation	5,139,067	3,803,105
Other receivables	2,444,180	2,444,180
	7,583,247	6,247,285

Current and non-current amounts owed from related parties forming part of Mizzi Organisation, principally represent amounts which are ultimately due from third party customers (in relation to sale of goods and contractual arrangements entered into with these parties), in accordance with the arrangement in place between the company and the related party as referred to previously in Note 2.

Current amounts owed by related parties forming part of Mizzi Organisation are presented net of expected credit loss allowances in respect of trade receivables of €1,725,379 (2023: €1,701,405), and in respect of other receivables of €1,473,923 (2023: €1,510,158). Non-current amounts owed by related party forming part of Mizzi Organisation are receivable within five years from the end of the reporting period and are net of credit loss allowances attributable to other receivables amounting to €483,927 (2023: €361,100).

Current other receivables include the amounts deposited in court with respect to the matters disclosed in Note 24(b) to the financial statements, together with other amounts receivable in the ordinary course of business.

6. Trade and other receivables - continued

Non-current other receivables consist of amounts owed by a third party under the Maltese beverage container refund scheme. These amounts are unsecured, subject to interest at 2.75% per annum and repayable as follows:

	2024 €	2023 €
Between 1 and 2 years	-	379,841
Between 2 and 5 years	-	1,204,085
Over 5 years	2,444,180	860,254
	<hr/>	<hr/>
	2,444,180	2,444,180

During the current financial year, the repayment terms of these receivables have been modified such that the full amount is now repayable by 31 March 2033. These modifications are not related to any financial difficulties attributable to the borrower but merely for the purposes of better liquidity management at borrower level. These financial assets are categorised as Stage 1 for credit risk management purposes in terms of IFRS 9 requirements (i.e. deemed performing). The expected credit loss allowances on such receivables are based on the 12-month probability of default, capturing 12-month expected losses and hence are considered insignificant.

7. Inventories

	2024 €	2023 €
Raw materials	2,643,994	2,705,726
Finished goods	1,445,295	1,342,459
Containers (carried at net realisable value)	200,993	277,599
Spare parts and consumables	1,063,650	571,802
Goods in transit	624,481	1,221,630
	<hr/>	<hr/>
	5,978,413	6,119,216

The cost of inventories recognised as expense is appropriately disclosed in Note 16 to the financial statements. During the current financial year, inventory write-downs amounted to €27,520 (2023: €89,326). These amounts have been included in 'Cost of sales' in profit or loss.

8. Cash and cash equivalents

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

	2024 €	2023 €
Cash at bank and in hand	5,422	5,422
Bank overdraft (Note 12)	(2,561,255)	(759,834)
	<hr/>	<hr/>
	(2,555,833)	(754,412)

9. Share capital

	2024 €	2023 €
Authorised, issued and fully paid		
166,665 'A' ordinary shares of €1 each	166,665	166,665
166,665 'B' ordinary shares of €1 each	166,665	166,665
166,665 'C' ordinary shares of €1 each	166,665	166,665
5 'D' ordinary shares of €1 each	5	5
	500,000	500,000

All ordinary shares are ranked pari passu in all respects and there are no shares having special control rights in the company. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

10. Deferred taxation

Deferred income taxes are calculated on all temporary differences under the liability method and are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates (and tax laws) that have been enacted by the end of the reporting period. The principal tax rate used is 35% (2023: 35%).

The movement on the deferred tax account is as follows:

	2024 €	2023 €
At beginning of year	-	-
Deferred income taxes attributable to right-of-use assets (Note 20)	544,604	200,478
Deferred income taxes attributable to lease liabilities (Note 20)	(544,604)	(200,478)
At end of year	-	-

All the amounts disclosed in the table above, which have been referenced to Note 20, are recognised in profit or loss.

The balance at 31 December represents:

	2024 €	2023 €
Temporary differences arising on right-of-use assets	1,401,448	856,844
Temporary differences arising on lease liabilities	(1,401,148)	(856,844)
	-	-

The recognised deferred tax liabilities are expected to be settled principally after twelve months.

10. Deferred taxation - continued

At 31 December 2024 and 2023, the group had the following unutilised tax credits and temporary differences:

	Unrecognised 2024 €	2023 €	Recognised 2024 €	2023 €
Unutilised tax credits arising from:				
Investment tax credits	8,985,403	10,740,810	-	-
Deductible temporary differences arising on:				
Depreciation of property, plant and equipment	1,373,229	681,423	-	-
Credit loss allowances in respect of trade and other receivables	3,683,229	3,572,664	-	-
Lease liabilities	147,868	96,296	4,004,137	2,448,127
Right-of-use assets	-	-	(4,004,137)	(2,448,127)

Under the Business Promotion Regulations 2001, the company is entitled to investment tax credits on "qualifying" capital expenditure, the full amount of which would be available for set-off against the company's tax liability.

The unrecognised deferred tax assets at the end of the reporting periods have not been reflected in these financial statements due to the uncertainty of the realisation of the related tax benefits. Unutilised investment tax credits are forfeited upon cessation of the trade.

11. Trade and other payables

	2024 €	2023 €
Current		
Trade payables	7,457,005	5,446,261
Amounts payable in respect of capital expenditure	354,550	2,495,225
Amounts owed to related parties forming part of Mizzi Organisation	322,206	111,062
Other payables	80,624	122,224
Indirect taxation	997,312	836,852
Deferred Government grants related to assets	11,863	892
Accruals	2,040,639	2,516,558
	11,264,199	11,529,074
Non-current		
Deferred Government grants related to assets	56,716	4,466

Deferred Government grants included above represent state aid in respect of the energy grant scheme and the electric motor vehicle scheme. These grants relate to assets and the amount of the liability is reflected in profit or loss on a straight-line basis over the expected lives of the related assets. The impact of these grants on the current and preceding year's results is presented within 'Other operating income' as disclosed in Note 16.

12. Borrowings

	2024 €	2023 €
Current		
Bank overdraft	2,561,255	759,834
Loan from related party forming part of Mizzi Organisation	1,014,703	977,892
	3,575,958	1,737,726
Non-current		
Loan from related party forming part of Mizzi Organisation	1,484,541	2,499,720
	1,484,541	2,499,720
Total borrowings	5,060,499	4,237,446

The company's banking facilities as at 31 December 2024 amounted to €3,375,230 (2023: €3,375,230). These facilities are mainly secured by:

- (a) a general hypothec over the company's assets for €11,429,000 (2023: €11,429,000);
- (b) general hypothecary guarantees given by two related parties forming part of Mizzi Organisation for the amount of €1,164,700 (2023: €1,164,700) over assets, supported by special hypothecary guarantees for the amounts of €6,522,000 (2023: €6,522,000) and €1,165,000 (2023: €1,165,000) respectively over property held; and
- (c) guarantees by related parties forming part of Mizzi Organisation for amounts ranging from €2,397,000 to €13,976,000 (2023: €2,397,000 to €13,976,000).

The company's bank borrowings are entirely subject to variable rates of interest linked to Euribor. The weighted average effective interest rates for bank borrowings at the end of the reporting period are as follows:

	2024 %	2023 %
Bank overdraft	6.4	6.4

The company's loan from related party forming part of Mizzi Organisation is unsecured, subject to a floating rate of interest and the effective interest rate at the end of the reporting period was 3.6% (2023: 3.6%). The maturity of the non-current portion of this loan is disclosed below:

	2024 €	2023 €
Between 1 and 2 years	912,133	1,014,690
Between 2 and 5 years	572,408	1,485,030
	1,484,541	2,499,720

13. Lease liabilities

The lease liabilities associated with the recognised right-of-use assets are analysed below:

	2024	2023
	€	€
Non-current		
Properties	1,876,111	1,895,390
Warehouse equipment	1,993,770	520,959
	<hr/>	<hr/>
	3,869,881	2,416,349
Current		
Properties	19,283	18,533
Warehouse equipment	263,841	109,541
	<hr/>	<hr/>
	283,124	128,074
Total lease liabilities	<hr/>	<hr/>
	4,153,005	2,544,423

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

	2024	2023
	€	€
As at 1 January		
Additions	2,544,423	1,932,051
Payments	1,844,218	672,065
Interest charge	(365,646)	(129,096)
	<hr/>	<hr/>
As at 31 December	4,153,005	2,544,423

The total cash outflows for leases in 2024 were €414,060 (2023: €179,759). The contractual undiscounted cash flows attributable to lease liabilities as at 31 December are analysed in Note 2(c). The weighted average incremental borrowing note applied to the lease liabilities by the company was 3%.

14. Employee benefit obligations

	2024 €	2023 €
Employment benefit obligations:		
Post-employment benefits	936,000	873,000
Long-term employee benefits	131,606	-
	1,067,606	873,000

The movements in each category are analysed below:

	2024 €	2023 €
Post-employment benefits		
At 1 January	873,000	812,000
Charged to profit or loss:		
- Current service cost	63,000	61,000
At 31 December	936,000	873,000
Classified as follows:		
Non-current	-	873,000
Current	936,000	-

In prior years, the company has set up a post-employment scheme in the form of a defined benefit plan. The provision disclosed above represents the present value of post employment benefits for one or more employees under the category of a defined benefit plan within the scope of IAS 19, 'Employee Benefits'. Accordingly, the company has measured such obligations using the accounting rules applicable to defined benefit plans. A defined benefit plan relating to post employment defines an amount of benefit that an employee will receive on retirement, which in the case of the company is dependent on an employee's final compensation upon retirement, as well as completed years of service. As at 31 December 2024 and 2023, the sole beneficiary of this plan is an executive director of the company.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions during the current and the preceding financial periods are not deemed to be material. The impact of discounting the estimated cash outflows in respect of these post-employment benefits is insignificant for measurement and disclosure purposes.

	2024 €	2023 €
Long-term employee benefits		
At 1 January	-	-
Charged to profit or loss:		
- Current service cost	131,606	-
At 31 December	131,606	-
Classified as follows:		
Non-current	131,606	-

14. Employee benefit obligations - continued

During the current financial year, the company has also set up a long-term employee benefits scheme in the form of a defined benefit plan, whereby performance related pay for certain senior management employees would be determined based on achievement of specific objectives, which is deferred over defined periods of required service and paid upon the lapse of such required periods. The provision disclosed above represents the present value of long-term employee benefits under the category of a defined benefit plan within the scope of IAS 19, 'Employee Benefits'. The company has measured such obligations using the accounting rules applicable to defined benefit plans. A defined benefit plan relating to long-term employee benefits defines an amount of benefit that an employee will receive upon achieving identifiable performance objectives and attaining defined periods of service. As at 31 December 2024, the beneficiaries of this plan consist of senior management employees of the company.

15. Revenue

All the company's revenue is derived from activities in the beverage sector relating to the bottling of soft drinks and mineral water. All revenues are attributable to sales to GSD Marketing Limited, a related party forming part of Mizzi Organisation, which acts as the sole point of focus for all customers of the Organisation's beverage activities. The company's revenues are entirely recognised at a point in time and the company had no unfulfilled performance obligations as at 31 December 2024 and 2023.

16. Expenses by nature

	2024 €	2023 €
Raw materials and other consumables used	16,597,927	16,631,802
Changes in inventories of finished goods	(102,836)	(51,643)
Employee benefit expense (Note 17)	9,352,290	8,182,610
Depreciation of property, plant and equipment (Note 4)	2,270,293	2,158,093
Depreciation of right-of-use assets (Note 5)	288,208	99,268
Utilities and similar charges	1,020,893	967,030
Repairs and maintenance	2,423,784	2,583,747
Expense relating to the use of property and motor vehicles	48,414	50,663
Business promotion and similar service charges	1,190,401	1,336,851
Other expenses	2,100,018	2,267,331
Total cost of sales; distribution and selling costs; and administrative expenses	35,189,392	34,225,752

Operating profit is stated after charging/(crediting) the following:

	2024 €	2023 €
Movement in provisions for expected credit losses in respect of receivables (included in 'Distribution and selling costs')	110,566	34,291
Profit on disposal of property, plant and equipment	(15,265)	(3,998)
Government grants recognised (included in 'Other operating income')	(11,863)	(892)
Exchange differences	65	575

16. Expenses by nature - continued

Auditor's fees

Fees charged by the auditor for services rendered during the financial periods ended 31 December 2024 and 2023 relate to the following:

	2024 €	2023 €
Annual statutory audit	56,500	51,100
Other non-audit services	1,000	1,000
	57,500	52,100

During the current year, fees in relation to non-assurance services have been charged by connected undertakings of the company's auditor as follows:

	2024 €	2023 €
Tax advisory and compliance services	3,390	5,970
Other non-audit services	-	55,000
	3,390	60,970

17. Employee benefit expense

	2024 €	2023 €
Wages and salaries	8,650,645	7,663,358
Social security costs	507,039	458,252
	9,157,684	8,121,610
Employment benefit obligations (Note 14)	194,606	61,000
	9,352,290	8,182,610

Average number of persons employed during the year:

	2024	2023
Direct	166	157
Administration	80	73
	246	230

18. Other operating income

Other operating income comprises income that is ancillary to the company's operating activities and also includes any gains on disposal of specific assets, including assets which were surplus to the company's requirements.

19. Finance costs

	2024 €	2023 €
Interest payable on loan from related party forming part of Mizzi Organisation	143,298	147,956
Bank interest and charges	140,054	173,604
Interest charges on lease liabilities	130,010	69,403
	<hr/>	<hr/>
	413,362	390,963

20. Tax expense

	2024 €	2023 €
Current tax expense	-	-
	<hr/>	<hr/>
The tax on the profit before tax differs from the theoretical amount that would arise using the applicable tax rate as follows:		
	<hr/>	<hr/>
Profit before tax	4,230,451	4,106,200
	<hr/>	<hr/>
Tax on profit at 35%	1,480,658	1,437,170
	<hr/>	<hr/>
Tax effect of:		
Movement in temporary differences arising on property, plant and equipment, credit loss allowances in respect of trade and other receivables	302,364	255,479
Tax incentives in respect of investment tax credits (refer to note below)	(1,755,407)	(1,739,315)
Tax incentives in respect of electric motor vehicle scheme	(73,981)	(26,600)
Income not subject to tax	(19,809)	(17)
Expenses not deductible for tax purposes	66,175	73,283
	<hr/>	<hr/>
Tax expense in the accounts	-	-
	<hr/>	<hr/>

The company is eligible to qualify for tax incentives under the Business Promotion Regulations 2001. Accordingly, the company is entitled to investment tax credits on “qualifying” capital expenditure, the full amount of which would be available for set-off against the respective company’s tax liability (also refer to Note 10). During the preceding financial year, the company has benefitted from a conversion into cash of unutilised investment tax credits that were granted to the company in prior years through the provisions of the Business Promotion Regulations 2001.

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21. Directors' emoluments

	2024 €	2023 €
Salaries and other emoluments:		
Non-executive directors (included in 'Other expenses' - Note 16)	101,163	101,163
Executive directors (included in 'Employee benefit expense' - Note 17)	514,199	511,556

22. Dividends

	2024 €	2023 €
Final dividends paid on ordinary shares:		
Gross and net dividends	<u>2,000,000</u>	2,000,000
Dividends per share	<u>4.0</u>	4.0

23. Cash generated from operations

Reconciliation of operating profit to cash generated from operations:

	2024 €	2023 €
Operating profit	4,643,813	4,497,163
Adjustments for:		
Depreciation of property, plant and equipment (Note 4)	2,270,293	2,158,093
Depreciation of right-of-use assets (Note 5)	288,208	99,268
Profit on disposal of property, plant and equipment	(15,265)	(3,998)
Movement in provisions for expected credit losses in respect of receivables (refer to Note 2.1(b))	110,566	34,291
Movement in provisions for employment benefits	194,606	61,000
Changes in working capital:		
Inventories	140,803	(1,073,687)
Trade and other receivables	(3,306,290)	(942,619)
Trade and other payables	1,928,050	1,878,518
Cash generated from operations	<u>6,254,784</u>	6,708,029

Net debt reconciliation

The principal movements in the company's net debt relate to cash inflows and outflows presented as part of financing activities within the statement of cash flows.

24. Contingent liabilities

- (a) The company, together with other related parties forming part of Mizzi Organisation, is jointly and severally liable in respect of guarantees given to secure the banking facilities of related parties forming part of Mizzi Organisation up to a limit of €99,800,000 (2023: €85,304,000) respectively, together with interest and charges thereon. These guarantees are supported by general hypothecary guarantees on the company's assets for the amount of €24,482,000 (2023: €24,482,000).
- (b) During a previous financial year, a garnishee order was issued against the company for an amount of €1 million (which the company deposited in court, refer to Note 6) in respect of a dispute with a third party, relating to importation rights of certain products. During the current financial year, the court adjudicated the case in favour of the company; however the third party appealed against this decision. As at the date of authorisation for issue of these financial statements, the appeal is still ongoing. The company, based on legal advice, continues to believe vigorously that there is no valid claim and has filed its defence reply in court in this respect. A material outflow is not deemed probable and no provision has been recognised. Certain information about the claim is not being disclosed on the grounds that such disclosure would seriously prejudice the outcome of the litigation, in line with the guidance within IAS 37 in this respect.

25. Related party transactions

The General Soft Drinks Company Limited forms part of the Mizzi Organisation. The Mizzi Organisation is not a legal entity and does not constitute a group of companies within the meaning of the Maltese Companies Act (Cap. 386) of the laws of Malta. The Organisation is a conglomerate of companies principally comprising Consolidated Holdings Limited and Mizzi Organisation Limited, together with all their respective subsidiaries, The General Soft Drinks Company Limited, GSD Marketing Limited and Mizzi EV Limited.

The entities constituting the Mizzi Organisation are ultimately fully owned by Daragon Limited, Demoncada Holdings Limited, Demoncada Limited, Investors One Limited and Maurice Mizzi. Members of the Mizzi family in turn ultimately own and control the above mentioned companies.

Accordingly, the members of the Mizzi family, the shareholder companies mentioned above, all entities owned or controlled by the members of the Mizzi family and the shareholder companies, the associates of entities comprising the Organisation and the Organisation entities' key management personnel are the principal related parties of the entities forming part of the Mizzi Organisation.

Trading transactions with these related parties would typically include interest charges, management fees, service charges and other such items which are normally encountered in a group context.

Taking cognisance of the arrangement referred to in Note 2.1(b) to the financial statements, in the ordinary course of its operations, the company invoices all its revenue in respect of sales of goods and services to GSD Marketing Limited, a company forming part of the Organisation. The Organisation's objective is to earmark the latter company as the sole customer facing entity for the beverage activities of the Organisation. The company also purchases goods and services from related parties for trading purposes.

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 company. The aggregate invoiced amounts in respect of a considerable 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.

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25. Related party transactions - continued

Except for transactions disclosed or referred to previously, the following significant operating transactions, which were carried out principally with related parties forming part of Mizzi Organisation, have a material effect on the operating results and financial position of the company:

	2024 €	2023 €
Sales of goods and services		
Sales of goods held for resale	39,721,343	38,685,265
Purchases of goods and services		
Purchases of property, plant and equipment	202,308	58,015
Servicing, advertising and similar charges	523,156	730,779
Management fees payable and similar charges	101,076	175,039
	826,540	963,833

The transactions disclosed above were carried out on commercial terms. Year-end balances with related parties, arising principally from the transactions referred to previously, are disclosed in Notes 6 and 11 to these financial statements. Other balances with related parties are disclosed in Note 12. These balances are unsecured, interest free and repayable on demand, unless otherwise stated in these financial statements.

Expenditure amounting to €3,858,923 (2023: €3,248,318) has been recharged by the company to related parties forming part of Mizzi Organisation. The company's expenditure reflected in profit or loss comprises amounts recharged from a related party forming part of Mizzi Organisation of €13,341,043 (2023: €12,075,706).

Key management personnel comprise the directors of the company. Information on key management personnel compensation has been disclosed in Note 21. All amounts have been recharged to the company by a related party forming part of Mizzi Organisation.

26. Statutory information

The General Soft Drinks Company Limited is a limited liability company and is incorporated in Malta.