

ANNUAL REPORT

2024

WATER SERVICES CORPORATION

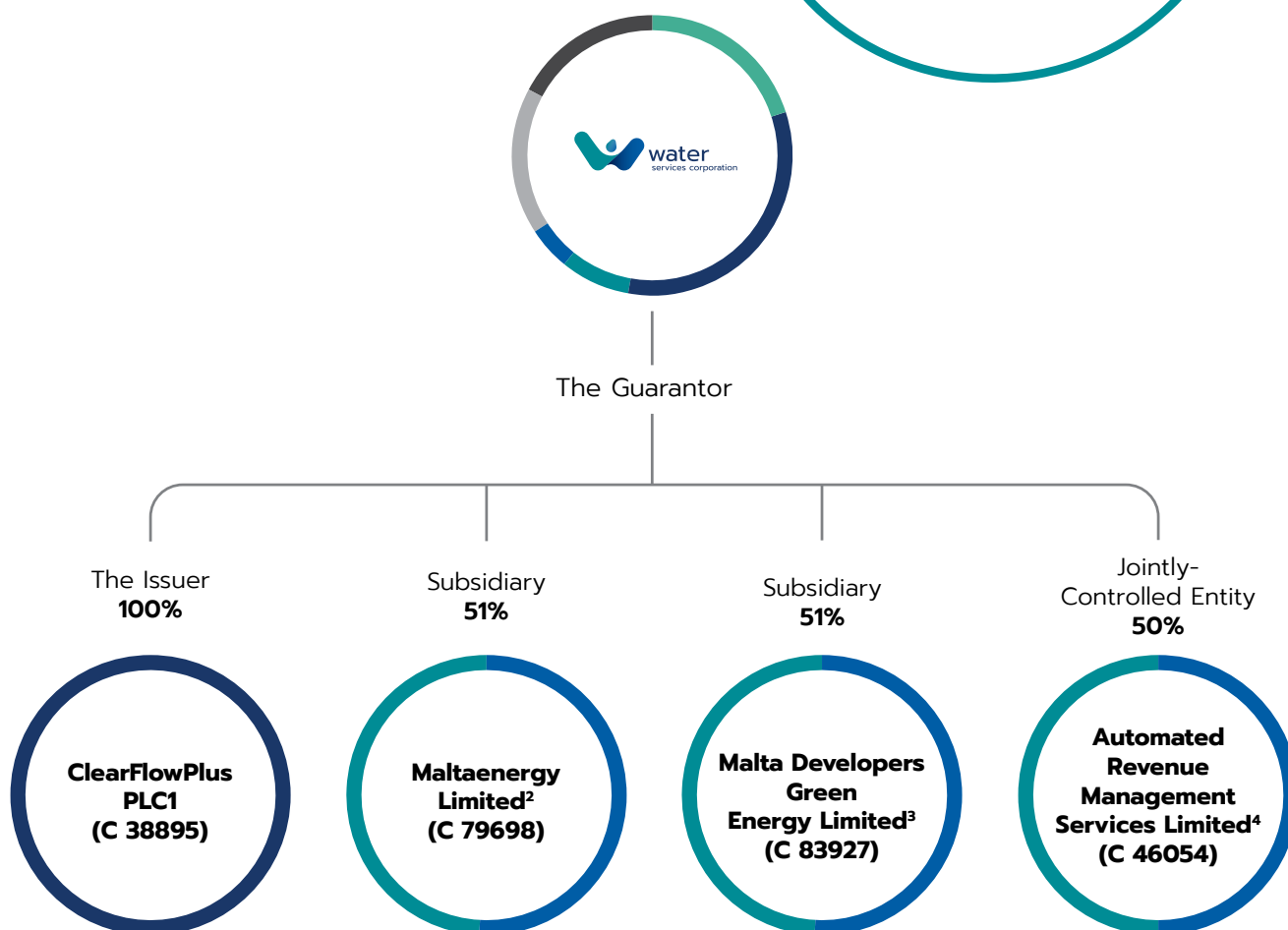




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Group Structure



Notes

- 1 ClearFlowPlus Limited's revenue is derived from consultancy services and supplies in connection with reverse osmosis plants, related after-sales services, desalination, sewage treatment facilities, laboratory analysis, information technology services and sales of parts
- 2 Remaining 49.0% shares are held by General Retailers and Traders Union
- 3 Remaining 49.0% shares are held by Malta Developers Association (VO/0477)
- 4 Joint venture with Enemalta p.l.c (C 65836)

Board of Directors



Mr Joseph Vella

Chairman

Mr Joseph Vella has been Chairman of the Water Services Corporation since 2021. He holds a BA degree in Management, and also a National Diploma in Arts and Design. He is a public officer. Following his time in the coordination of EU Funding, together with EU Policy and Legislation, at MEUSAC, Mr Vella served as Private Secretary and consequently Head of Secretariat at the Ministry for European Affairs and Equality. Mr Vella also served as Head of Secretariat at the Ministry for Justice, Governance and Equality, and is presently holding the same role at the Ministry for Home Affairs, Security, Reforms and Equality. He successfully contested the past two national local council elections and is an active Local Councillor in Żabbar. Mr Vella is also involved in the voluntary sectors, namely in the areas of football and youth development.

Mr Louis Gatt
Vice Chairman

Mr Louis Gatt commenced his career at Bank of Valletta plc in 1984, where he spent 30 years until he left in 2014 when he occupied the position of Branch Manager. Today, he is Head of Secretariat of the Ministry for Social Policy and Children's Rights. Mr. Gatt was appointed Head Electoral Office and elected Vice President of Partit Laburista in 2003. He is still holding these two posts.



Ms Silvana Mifsud

Director

Ms Silvana Mifsud is currently a Deputy Head of School at the Ministry for Education. She has worked as a teacher in a primary school for eighteen years. She graduated from the University of Malta, focusing on Early Years. Ms Mifsud is a PIRLS (Progress in International Reading Literacy Study) Test Administrator and School Coordinator for the International Study to assess students' reading level. She is the School Coordinator of the Numeracy High 5 Challenge, School Coordinator of the Numeracy International Championship SuperTmatik and School Coordinator for the One Tablet Per Child project. She is the link person for the STEAM projects performed in school.

She is currently a secretary at Malta Residency Visa Agency, assessor of the Police Licences Appeals Tribunal, member of the Responsible Gaming Foundation Board, a secretary of the Welfare Committee Board, Board Director at the Water Services Corporation, and a secretary at the internal audit committee of Water Services Corporation. She was secretary of the Refugee Appeals Board, secretary of the Fostering Board and secretary of the Digital Economy Think Tank and secretary at the Tourism Think Tank. She was Liaison Officer to the President of the European Parliament Mr Martin Schulz at the Valletta Summit on Migration and Liaison Officer to the President of Sri Lanka at the Commonwealth Heads of Government Malta.





Mr Ethelbert Schembri

Director

After concluding his apprenticeship in Mechanical Engineering and Power Plant Operations, Mr Ethelbert Schembri was employed with Enemalta Corporation since 1997. As at the date hereof, he works within the Capacity Planning & Dispatch Section as a Senior Dispatch and Power Plant Officer, which section monitors, controls and maintains the safe, efficient and economic operation of the various power plants and Malta-Sicily Interconnector supply, and is also responsible to run the emergency plants when an emergency arises. Since 2020, Mr Schembri has served as a member of the Board of Directors of the Water Services Corporation, and a member of the internal audit committee of the Water Services Corporation. He also served as director at a Government owned/controlled company. Between 2006 and 2010 he was elected as President of the Chemical and Energy section within the General Workers Union, representing workers from different fields mainly Enemalta and other entities.

Ing. Raymond Azzopardi

Director

Ing. Raymond Azzopardi obtained an Electrical Engineering Degree from the University of Malta and a Master Degree in Business Administration from Henley Management College UK. He is a Chartered Engineer, Euro Engineer and Warranted Engineer (Ing.) He worked with Enemalta Corporation, the main provider of energy services in Malta, from May 1982 to August 2014, initially as a Project Engineer, and subsequently in various other roles, including as Power Station Maintenance Engineer, Assistant Manager HR, Head Training Centre, Corporate Divisional Manager.

After the restructuring of Enemalta Corporation, Enemalta plc was set up and all employees at Enemalta p.l.c. were transferred to Engineering Resources Ltd ('ERL') of which Ing. Azzopardi was appointed General Manager. ERL had the function of a Human Resources agency within the Government entities and thus surplus employees who were not required at Enemalta p.l.c. were deployed to work with Government entities. During his tenure as General Manager at ERL, the company was awarded a prestigious recognition of excellence in management from the Public Service. During his employment with Enemalta Corporation, Ing. Azzopardi also occupied positions of the in-house union for professional employees and later also as Secretary to the Managers' Union. He served as director at various Government owned or controlled companies or entities, including Water Services Corporation. He also sat on two Disciplinary Boards for two Government entities.





Ms Mirana Agius Silvio
Director

Ms. Mirana Agius Silvio has served as a Deputy Head of a primary school for eight years, drawing on two decades of professional experience in education and media. She graduated from the University of Malta in 2002 with a teaching degree and subsequently earned a Master's Degree in Leadership and Management in 2020. Beyond her work in education, Ms. Agius Silvio has been an active figure in local sports, hosting and producing various sports-related programs. In 2019, she represented Malta at the Summit of the Two Shores, contributing to forums held in Malta, Tunis, and Marseille.

Ms Marion Parnis
Director

Ms Marion Parnis is a Learning Support Educator with 14 years of experience in inclusive education. Born and raised in Malta, Marion has always been passionate about education and advocating for those without a voice. With lifelong exposure to her family's retail business, Ms Parnis has accumulated valuable experience in this sector. She has also expanded her expertise in education by teaching English as a foreign language and imparting literacy skills to children with learning difficulties. Ms Parnis holds a Bachelor's degree in Inclusive Education and is soon completing a Master's degree in Disability Studies at the University of Malta. A devoted animal rights activist, Ms Parnis is an active member of a non-governmental organization dedicated to supporting animal rights and welfare. She is also deeply passionate about environmental issues.



Dr Juanita Agius Galea
Director

Dr Agius Galea graduated from Medical School, University of Malta in 2005. She continued her specialisation in anaesthesia and intensive care in Malta and furthered her studies in the UK, as well as gaining work experience there. She obtained her European Diploma in Anaesthesia, Intensive Care & Pain Management in Berlin in 2012 and passed her final specialization exams in Malta in 2014, where she continued working at Mater Dei Hospital and in the private sector. Currently, she works full-time in the private sector. Apart from being a Director of Water Services Corporation, Dr Galea is also a member of the Sustainability Committee of ClearFlowPlus plc.





Dr Andrew Sciberras

Board Secretary

Dr Andrew Sciberras is a Senior Partner at Sciberras Associates Advocates. Andrew graduated with a Doctorate in Law from the University of Malta in November, 2012 and was admitted as a member of the Maltese Bar, Superior Courts of Malta in March, 2013.

Between 2009 and 2011, Andrew was an Executive Board member of the Għaqda Studenti tal-Liġi (Law Students' Society) at the University of Malta as Publications Officer. Under his remit GhSL successfully published and launched two volumes of the prestigious Id-Dritt Law Journal (Volumes XX and XXI) and he also piloted an online law journal, Quid Juris. Andrew moreover contributed towards the publication of L-Alfabett tal-Kodiċi Ċivili and L-Alfabett tal-Kodiċi ta' Organizzazzjoni u Proċedura Ċivili, by the late Judge Emeritus Philip Sciberras.

Since October 2013, Andrew has served as an Assistant on the Administrative Review Tribunal (Transport Panel). In February 2016 Andrew was appointed as a Member of the Board of Governors of the Malta Arbitration Centre and served in this role until 2022. Andrew has also been involved in the drafting of legislation, such as the reform on the removal and amendment of criminal laws pertaining to artistic censorship, the Media & Defamation Act 2018, as well as the implementation of Regulation (EU) No.650/2012 (commonly referred to as the EU Succession Regulation).

Andrew serves as board secretary and legal advisor to various companies and entities, including the Water Services Corporation, where he was appointed Board Secretary in July 2020. Dr Sciberras's main line of expertise is commercial, civil and constitutional law and litigation; fields in which he has been actively practising since obtaining his warrant in 2013. '

Dr Sciberras is married to Dr Rodianne Sciberras.

CEO'S STATEMENT

It is with immense pride that I present the 2024 Annual Report of the Water Services Corporation – a year defined by innovation, strategic investment, and operational transformation. In a rapidly evolving global landscape, WSC remained resolute in its mission: to deliver sustainable, efficient, and high-quality water services to the people of Malta and Gozo.

Karl Cilia



2024 was a record-breaking year in every sense. Financially, we closed the year with a 16.6% increase in net profit, driven by a 10.2% growth in total revenue. Revenues from water sales and other income exceeded €100 million for the first time, thanks to higher consumption levels, smarter billing systems, and the launch of new services such as farm waste treatment. At the same time, we maintained tight control on expenditures, strategically reducing our debt burden by 47% and generating annual savings of €1.5 million in finance costs.

Operationally, we delivered our most ambitious capital investment programme to date, deploying 100% of our allocated budget – a 74% increase over the previous year. Our total asset base now exceeds €593 million, reflecting the long-term value we are building through upgrades to reservoirs, the completion of our new warehouse complex, and strategic RO plant expansions.

2024 was also the year we made our vision for better-tasting tap water a reality. Through significant blending upgrades and distribution network overhauls, we laid the foundation for a new era of drinking water quality across the Maltese Islands. This initiative represents not only a technical triumph but also a commitment to reducing plastic waste by encouraging people to drink directly from the tap.

In our relentless pursuit of sustainability, we issued Malta's first-ever Green Bond and successfully published our inaugural Green Bond Impact and Allocation Report. This year alone, €5.8 million in green bond proceeds were allocated to projects that modernize wastewater treatment, digitize network monitoring, and reinforce our water infrastructure. The launch of an ESG governance framework and preparation for the Corporate Sustainability Reporting Directive further cemented WSC's role as a leader in environmental responsibility.

Our dedication to operational excellence is also evident in the remarkable improvements in leakage and non-revenue water. With a record low Infrastructure Leakage Index (ILI) of 1.75 and a continued downward trend in water losses, WSC's efficiency levels now rank among the best globally. Over 115,000 cubic meters of water were saved this year alone.

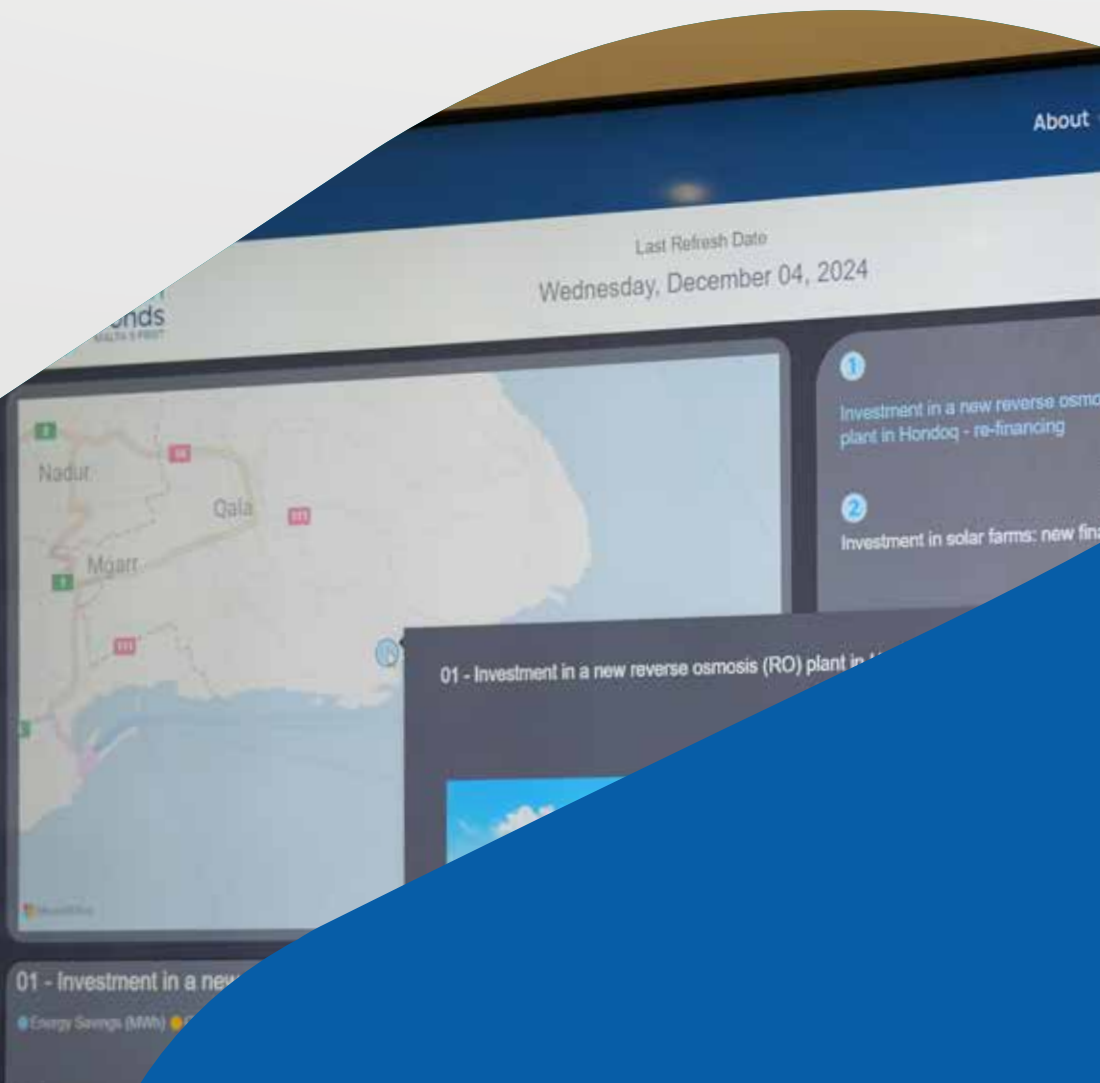
The human element remains at the heart of our success. We strengthened our workforce with 92 new hires, 127 promotions, and the roll-out of enhanced employee benefits and pension schemes. We also fostered stronger ties with educational institutions and continued investing in training and safety. With over 1,000 dedicated employees, WSC is more equipped than ever to meet the complex challenges ahead.

Our innovation extended to customer service and digitalisation. The intelligent rollout of "New Water" dispensing systems – now installed in over 117 locations – and the launch of fibre-connected, secure agriculture water distribution are setting a new national standard for reclaimed water reuse. These initiatives are not only environmentally significant but also emblematic of our engineering ingenuity.

As we look ahead to 2025, we are guided by a deep sense of purpose and accountability. Our focus will remain on expanding RO capacity, enhancing customer engagement, and accelerating our transition to a fully sustainable utility. With clear goals, proven resilience, and an unwavering team spirit, I am confident that the Water Services Corporation will continue to rise to every challenge – and deliver for generations to come.

FINANCE AND ADMINISTRATION REPORT

The year 2024 was a pivotal period for the Water Services Corporation (WSC), marked by substantial achievements in financial stability, operational efficiency, and workforce development. Throughout the year, the Corporation remained steadfast in its commitment to enhancing financial resilience while advancing sustainability initiatives that align with its long-term strategic vision. These efforts were underpinned by prudent financial management, investment in human capital, and the implementation of forward-looking policies that contribute to both economic and environmental sustainability.



One of the key pillars of the Corporation's financial strategy in 2024 was the establishment of a €12 million investment account, designed to optimize the management of financial resources and ensure long-term fiscal sustainability. This initiative reflects the Corporation's commitment to maintaining financial flexibility while supporting critical infrastructure and sustainability projects.

Table 1 2020 till 2024

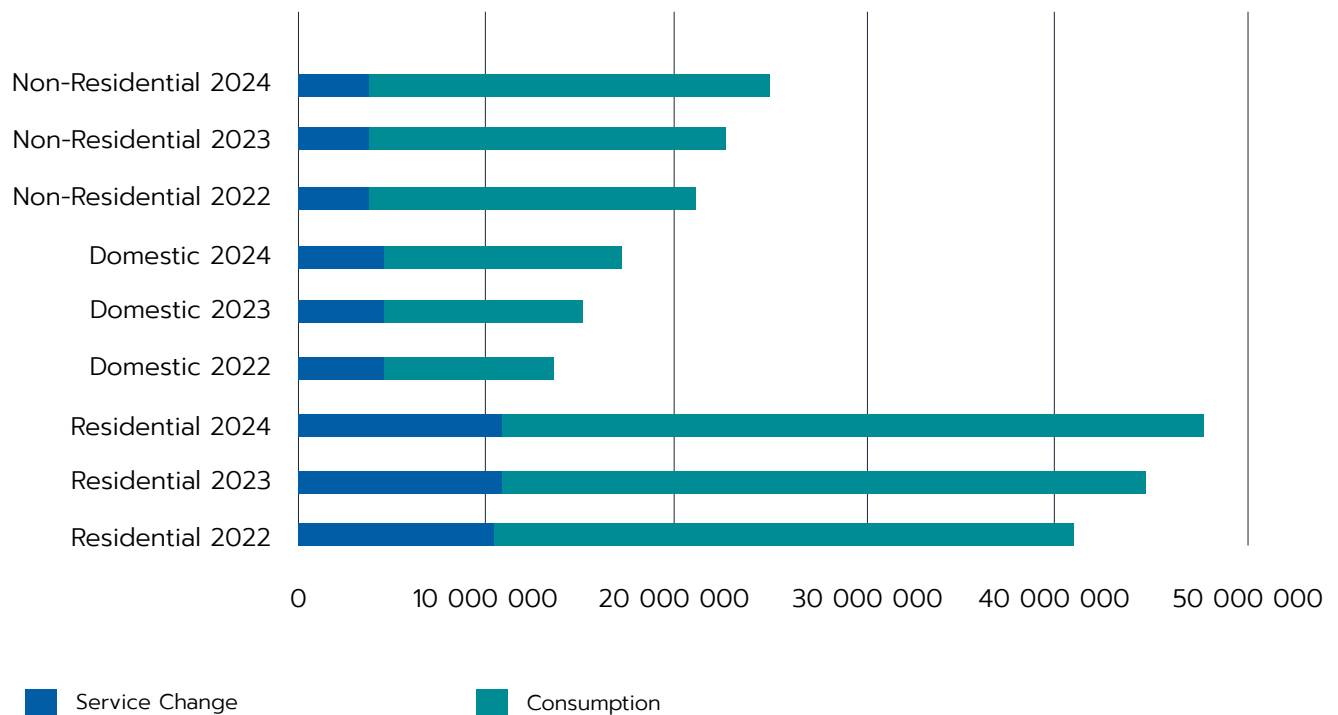
	2020	2021	2022	2023	2024
	Euro '000	Euro '000	Euro '000	Euro '000	Euro '000
Sale of Water	71,312	72,547	76,624	83,213	89,644
Other Income	4,224	4,811	4,077	7,028	10,658
Subsidies and Deferred Income	30,139	30,257	32,530	32,984	35,449
Revenue	105,675	107,615	113,231	123,225	135,751
Administrative Expenses	(26,592)	(29,973)	(30,316)	(31,102)	(35,346)
Operating Costs - Water	(40,364)	(41,763)	(42,601)	(43,083)	(47,870)
Operating Costs - Wastewater	(28,294)	(29,139)	(29,709)	(29,983)	(30,982)
Provision of Service Pension	455	589	1,290	49	185
Total Cost	(94,795)	(100,286)	(101,336)	(104,119)	(114,013)
Operating Profit	10,880	7,329	11,896	19,106	21,738
Finance Income	1,497	1,466	1,376	1,189	1,446
Finance Cost	(1,845)	(1,724)	(1,590)	(2,408)	(2,326)
Net Profit	10,532	7,071	11,682	17,887	20,857
Total Assets	439,134	447,131	453,576	542,501	593,289
Total Equity	125,730	132,245	143,498	161,014	181,363
Quick Ratio	1.0 times	0.8 times	0.6 times	1.8 times	0.9 times
Net Gearing	33.7%	34.7%	33.8%	-13.8%	1.34%
Net Debt/ Operating Profit	3.9 x	6.3x	4.1x	-1.17x	0.1x
Return on Asset	2.9%	1.60%	2.59%	3.59%	3.67%

Financial Performance and Strategic Investments

The Water Services Corporation (WSC) maintained a resilient and strategically driven financial position in FY24, enabling it to close the year with a substantial 16.6% increase in net profit. This growth was primarily underpinned by a 10.2% rise in total revenue, with water sales remaining the key driver. Revenue from water sales and other income reached €100.3 million, reflecting an 11% increase from FY23's €90.2 million. This upward trajectory was fueled by higher consumption levels and enhanced billing efficiencies facilitated through the Corporation's smart metering replacement program. Of the total revenue, €89.6 million (FY23: €83.2 million) was directly attributed to water sales, while other income surged to €10.7 million (FY23: €7.0 million), largely driven by the introduction of a new business activity focused on farm waste treatment. A detailed breakdown of water sales by category is provided in the accompanying chart.

Fig. 1 Sale of Water Rev by categories y-o-y

Sale of Water by Category: Year-on-year

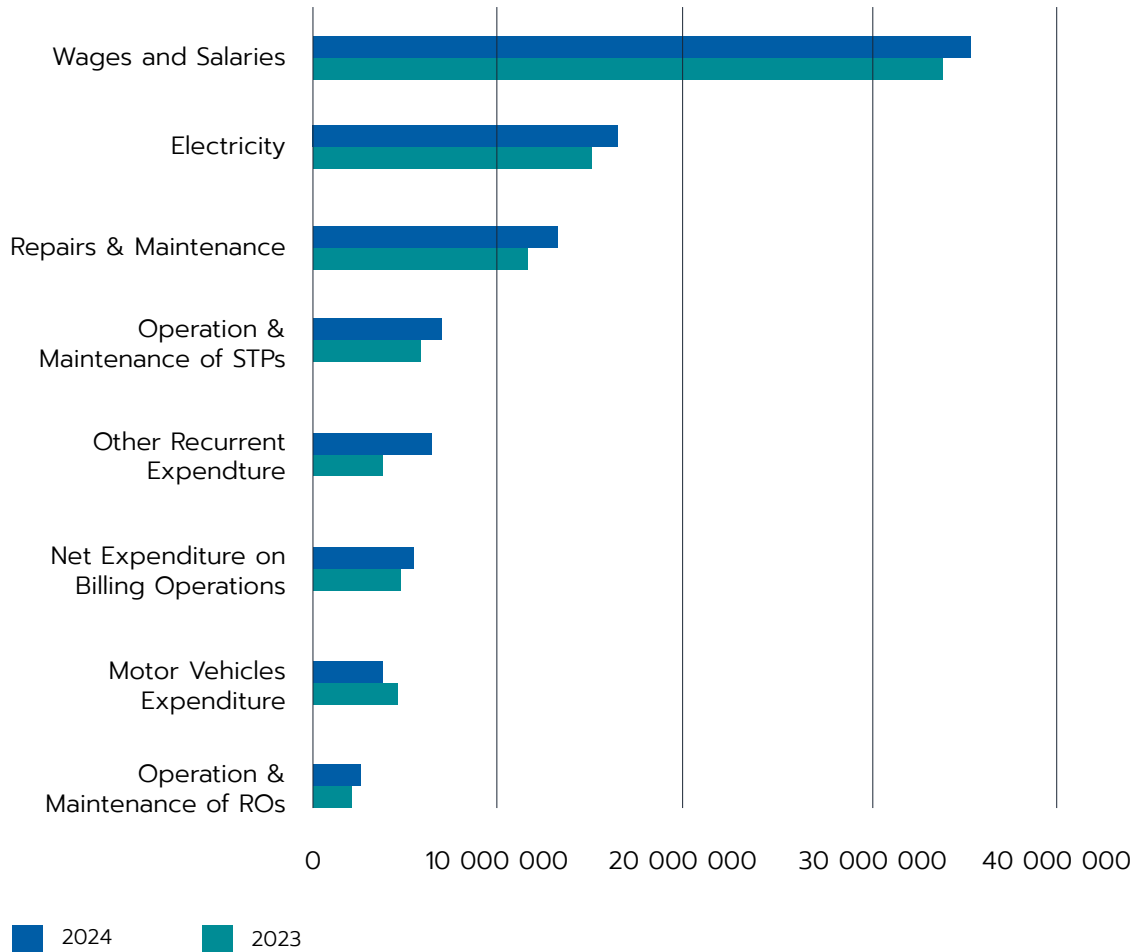


Expenditure Management and Operational Costs

Recurrent expenditure, excluding provisions for the cost of service pensions, saw a controlled increase of 9.6% year-over-year. Total operating and administrative costs amounted to €114.2 million in FY24, up by €10.03 million from the previous year's €104.17 million. This measured increase was primarily attributable to several key factors, including ongoing investments in human capital and talent retention. Salaries and wages experienced an incremental rise due to cost-of-living adjustments and the impact of newly negotiated collective agreements, bringing total employee benefit expenses to €35.8 million (FY23: €34.2 million). This upward trend is projected to persist in FY25 following the conclusion of a fresh collective agreement with the General Workers' Union, which covers 90% of WSC's workforce.

Fig. 2 Expenditure by Category y-o-y

Expenditure 23 vs 24



Additionally, the operational and maintenance costs associated with the Corporation's wastewater treatment facilities contributed to the rise in expenditure, primarily due to escalating waste disposal gate fees. The cost of sewage sludge disposal increased significantly, reaching €4.3 million in FY24 (FY23: €2.5 million). Furthermore, increased water demand, which positively impacted revenue, concurrently led to a proportional rise in electricity costs, amounting to €19.5 million in FY24 (FY23: €17.4 million). Despite these rising costs, total expenditure remained within the parameters of the approved operational budget, demonstrating prudent financial oversight.

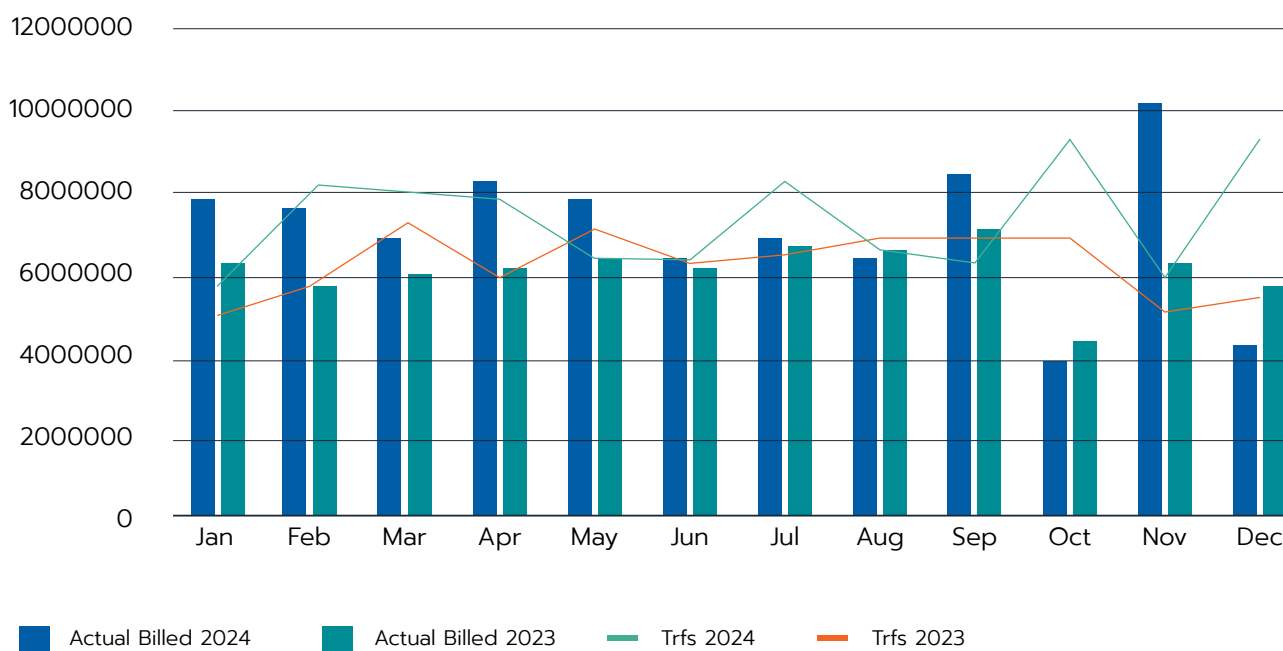
Capital Investment and Asset Growth

Aligned with WSC's strategic investment agenda, the Corporation successfully deployed 100% of its allocated capital budget in FY24. As a result, in 2024, €63.9 million (2023: €36.8 million) was allocated toward capital expenditure, representing a 74% increase from the prior year. Total assets reached €593.3 million (FY23: €452.5 million), reinforcing WSC's position as a capital-intensive enterprise. The Group's core assets include property, plant, and equipment (PPE) valued at €425 million (FY23: €382 million), inventories amounting to €24.7 million (FY23: €23.8 million), and trade and other receivables totaling €67.9 million (FY23: €45.1 million).

Trade receivables, primarily comprising outstanding customer payments for water consumption, benefited from rigorous collection measures implemented through the Corporation's subsidiary, ARMS Ltd. These initiatives led to a notable 18% increase in collections, generating an additional €13.4 million compared to FY23. Consequently, trade debtor days (excluding expected credit loss provisions) improved significantly, declining from 123 days in FY20 to 75 days in FY24, underscoring enhanced cash flow efficiency and stronger working capital management.

Fig. 3 Collection vs billed y-o-y

Collections vs Billed: Year-on-year



Debt Reduction and Financial Sustainability

As of FY24, WSC's interest-bearing loans and borrowings stood at €19 million (FY23: €35.9 million), comprising of a bank overdraft of €4 million (classified as a current liability, repayable on demand) and a European Investment Bank (EIB) loan of €14.9 million (FY23: €17.5 million), a facility reimbursed by the Government, with corresponding deductions reflected under trade receivables.

Despite WSC's continuous capital investments in its core operations, improvements in cash inflows and enhanced liquidity management enabled the Corporation to significantly reduce its commercial lending exposure by 47% as early as the beginning of 2024. This strategic deleveraging resulted in annual finance cost savings of €1.5 million, reinforcing the Corporation's commitment to sustainable financial management.

Additionally, in 2024, the subsidiary advanced a loan to the Corporation of €7.5 million (2023: €1.7 million). During the year ended 31 December 2024, loan tranches amounting to €5.8 million were advanced from the subsidiary to the Corporation. This loan was financed from the proceeds of the bond issue which the subsidiary issued during 2023.

Outlook and Commitment to Sustainable Growth

WSC remains steadfast in its mission to implement innovative financial management practices, further strengthening its robust financial foundation. These efforts will continue to drive strategic investments in core operations and, most importantly, in the Corporation's workforce, ensuring long-term resilience and operational excellence.

Revenue and Debt Management

In 2023, the Corporation strengthened its revenue and debtor management by launching a strategic initiative led by the newly established Revenue and Debtor Management Team (RDMT). The team revised Standard Operating Procedures, introduced new policies, and engaged stakeholders on legal matters related to water supply tampering. A customer-centric "One-Stop Shop" was implemented to streamline debtor communication, enhancing debt collection and customer relations. Additionally, the RDMT assumed key responsibilities from the Corporation's subsidiary, ARMS Co Ltd., improving operational efficiency and transparency.

Building on this foundation, revenue management efforts in 2024 delivered significant gains, particularly in back billing, theft recoveries, and metering issue resolutions. Back billing revenue surged by 40% to €1.8 million, while intensified theft investigations recovered €0.4 million. Revenue from metering issues reached €0.13 million, with an 87% success rate in module-related recoveries. Sundry debt collections exceeded expectations, recovering €10.4 million - an increase of over €4.1 million from FY23. Looking ahead, the Corporation aims to further strengthen debt collection processes, introduce new service-level agreements (SLAs), and minimize financial risk.

ClearFlowplus plc

ClearFlowPlus (CFP), a key subsidiary within the Group, continued to thrive as a financial vehicle, adhering to best-in-class practices in managing green bond proceeds with utmost diligence and transparency. As part of our ongoing commitment to fostering investor confidence, we introduced an innovative business intelligence tool designed to enhance stakeholder engagement. This interactive platform provides bondholders and the wider public with real-time insights into key performance indicator (KPI) achievements and the progress of bond

disbursement, reinforcing our pledge to financial and operational transparency.

Beyond its pivotal role as the issuer of the first-ever green bond on the local market, Clearflowplus PLC continued to strengthen its operational framework by aligning initiatives with its core sustainability mandate. In 2024, CFP focused on internal innovation, undertaking a concerted effort to in-house design and build a more robust multi-point water dispenser, which was successfully installed and put to use. No additional single or multi-point dispenser installations were carried out during the year, maintaining the total number of active units at 328.

These dispensers collectively serviced close to 35,000 litres of purified drinking water throughout the year, effectively reducing reliance on single-use plastic bottles. With quality at the fore of its agenda, in conjunction with WSC Lab, CFP oversaw 2,839 water analysis tests covering single and multi point dispensers and 424 water analysis tests covering reverse osmosis plants installed within commercial enterprise and maintained by CFP.

CFP also actively engaged in community outreach, deploying its WAW water buggy during various public events, including Public Service Week 2024, the Malta Book Festival, and Christmas in the Park. The water buggy, a portable and self-service dispensing setup, provides chilled water via bubblers free of charge, offering an accessible and eco-friendly hydration solution for attendees.

Procurement and Inventory Management

At the heart of our strategic vision lies an unwavering commitment to sustained investment in the Corporation's core operations, ensuring we meet future demand with uncompromising quality and cost efficiency. A pivotal enabler of this objective is the Corporation's procurement agility, which underpins our ability to secure critical materials, works, and services in a timely and cost-effective manner.

In 2024, the Corporation undertook a transformative shift, fully internalizing its procurement framework following its reclassification under Schedule 3 of the Public Procurement Regulations. This structural evolution yielded a **50% reduction in procurement processing time**, reinforcing both operational responsiveness and internal governance rigor. Throughout the year, the procurement department efficiently processed **241 requests**, culminating in the award of **185 contracts valued at €80 million**, reflecting both strategic sourcing and fiscal prudence.

Fig. 4 Procurement Request (In Quantity)

Procurement Requests in Qty

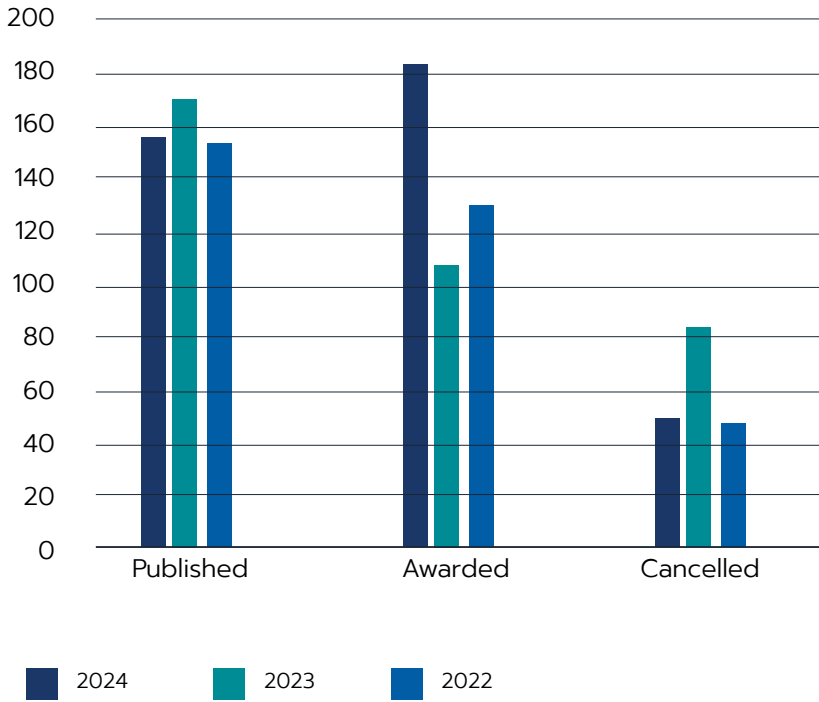


Fig. 5 Procurement Requests (In Value)

Awarded Tenders/Quotations in Value



To further fortify supply chain resilience, stringent inventory management protocols were upheld, ensuring uninterrupted availability of critical materials despite global supply chain disruptions. Additionally, the completion of the **state-of-the-art warehouse complex in Bulebel**, becoming fully operational by **April 2025**, marks a milestone in our commitment to operational excellence. This facility will **leverage automation to streamline warehouse operations, enhance inventory control, and drive greater procurement efficiency**, positioning the Corporation for enhanced service continuity and long-term sustainability.

Fig. 6 Inventory in Value: Year-on-year

Inventory in Value: FY2024

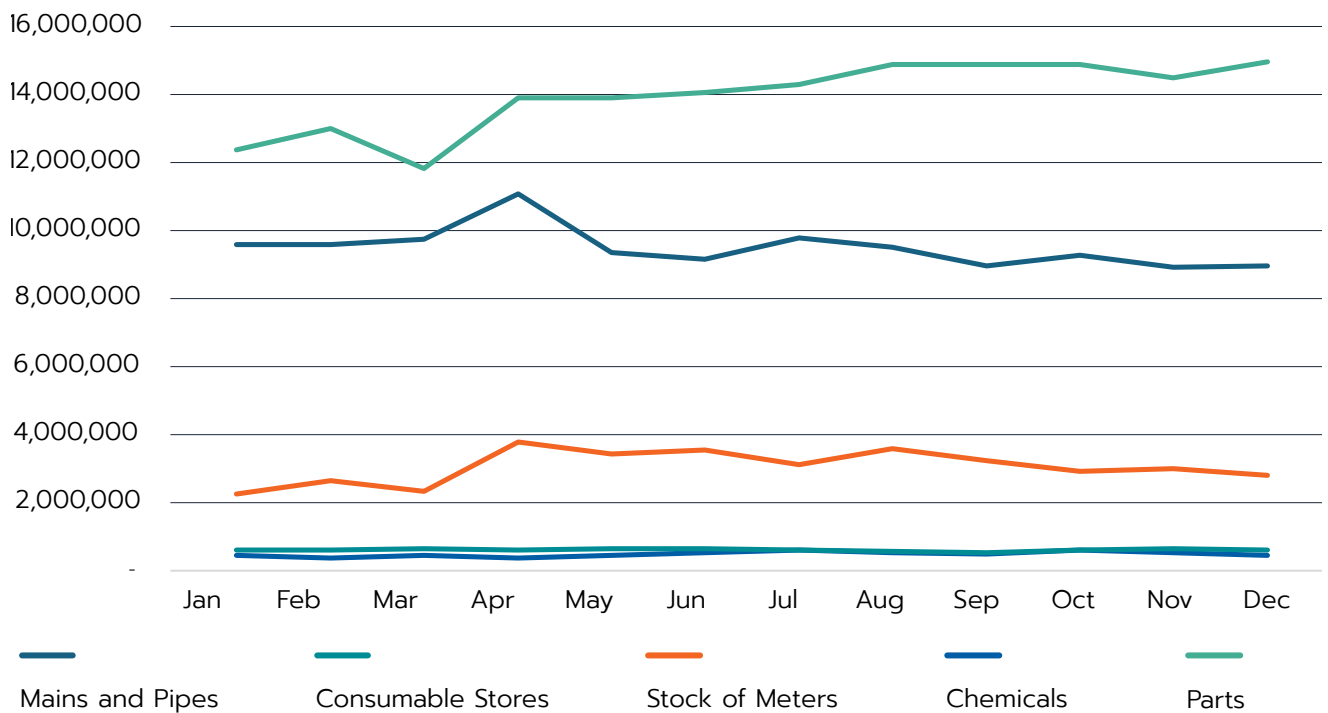


Fig. 7 WSC's state-of-the-art warehouse complex in Bulebel



Sustainability Initiatives

A defining achievement in 2024 was the publication of the Corporation's inaugural Green Bonds Impact and Allocation Report, setting a new benchmark in national sustainability reporting. This comprehensive report outlined the governance framework underpinning the Corporation's Green Bond strategy, providing a detailed account of fund disbursements toward eligible projects, most notably the Hondoq Reverse Osmosis Plant. The forthcoming edition will expand its scope to include three additional projects that benefited from significant capital allocations during the year, further strengthening the Corporation's commitment to sustainable infrastructure.

During the reporting period, €5.8 million in Green Bond proceeds were strategically disbursed across three of the five eligible initiatives, reinforcing the Corporation's commitment to prudent financial stewardship and impactful investment. These funds were allocated to:

1. Modernization of the aeration system at the Ta' Barkat Wastewater Treatment Plant, enhancing operational efficiency and environmental compliance.
2. Implementation of the ERP-SAP system and advanced algorithmic software to mitigate non-revenue water losses and optimize billing efficiencies, demonstrating an intersection of digital transformation and fiscal prudence.

3. Upgrades to the water network infrastructure, ensuring resilience, sustainability, and improved service delivery.

Beyond financial allocations, the Corporation proactively strengthened its ESG governance framework by making voluntary contributions to the National ESG Portal, reinforcing its transparency and accountability in environmental, social, and governance (ESG) practices. Concurrently, preparations commenced for compliance with the Corporate Sustainability Reporting Directive (CSRD), a critical regulatory milestone. This process included the engagement of external advisors to conduct a double materiality assessment and the development of a robust greenhouse gas (GHG) inventory, ensuring alignment with evolving sustainability disclosure requirements.

By embedding rigorous governance, data-driven financial oversight, and regulatory foresight into its sustainability agenda, the Corporation continues to position itself as a leader in sustainable infrastructure investment and responsible capital deployment.

Human Resources and Workforce Development

As of December 31, 2024, the Corporation maintained an active workforce of 1,027 employees, with female representation accounting for 16% of the total. While women comprised 47% of administrative and professional roles, their participation in technical and industrial positions remained limited. The aggregate productive working hours reached 1.73 million, with unproductive hours constituting 17%, primarily due to vacation leave, sick leave, and other absences.

Table 2 Employees by Gender & Categorization

	Female	Male	Grand Total
Administrative and Clerical	109	69	178
Part-timers working up to 20hrs per week	3	2	5
Professional	41	103	144
Technical & Supervisory	9	682	691
Trainees	0	9	9
Grand Total	161	866	1027

Table 3 Social Cost

Unproductive Hours	2024	2023	2022
Vacation Leave Utilization	226,061	212,640	227,816
Sick Leave	93,276	93,237	113,403
Injury Leave	6,780	10,301	14,179
Other Paid Leave	29,376	34,739	23,331
Unpaid absences	14,510	18,268	21,271
	370,003	369,185	409,423

In response to evolving workforce demands, the Corporation intensified its recruitment strategy, issuing 78 internal calls and 26 external calls, culminating in 127 promotions and 92 new hires. Despite persistent challenges in sourcing technical expertise, strategic outsourcing initiatives effectively mitigated workforce shortages. Furthermore, the Corporation deepened its collaboration with MCAST by expanding apprenticeship opportunities and offering competitive remuneration to cultivate a pipeline of skilled professionals for long-term engagement.

Fig. 8 Recruitment and Progression Calls Issued

Issued Internal Calls vs Issued External Calls (2021-2024)

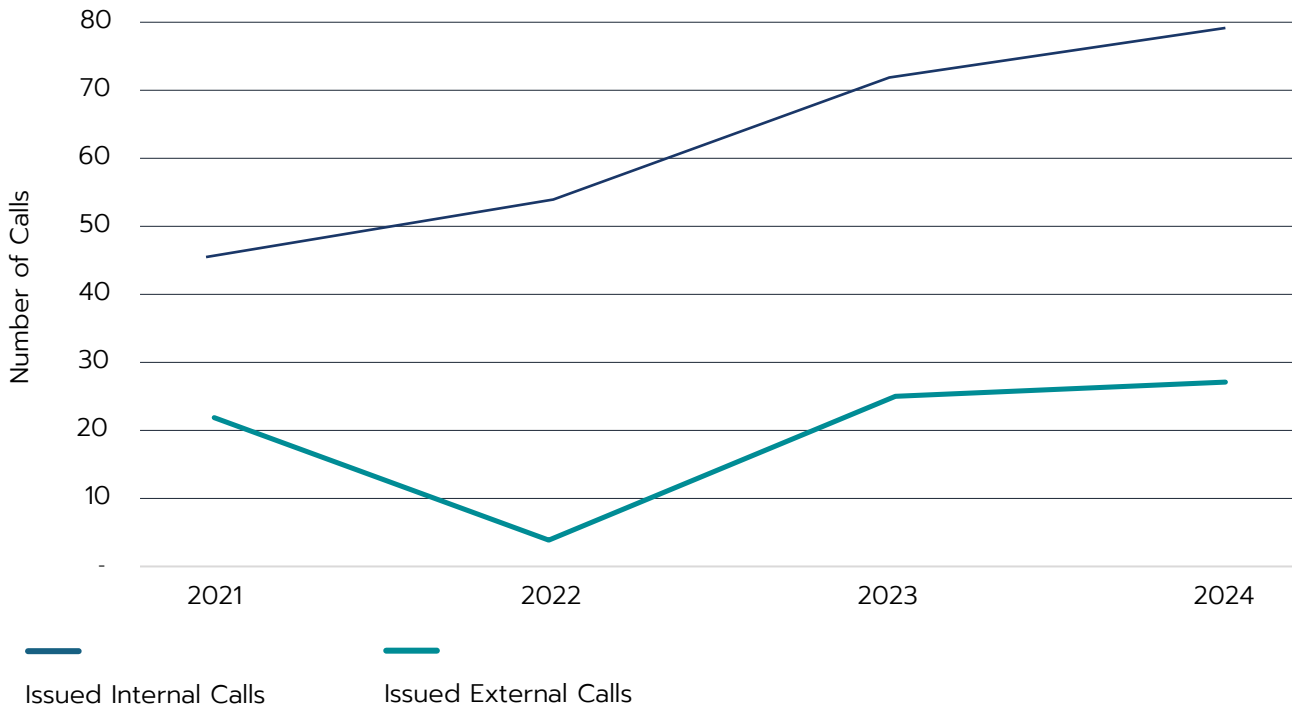
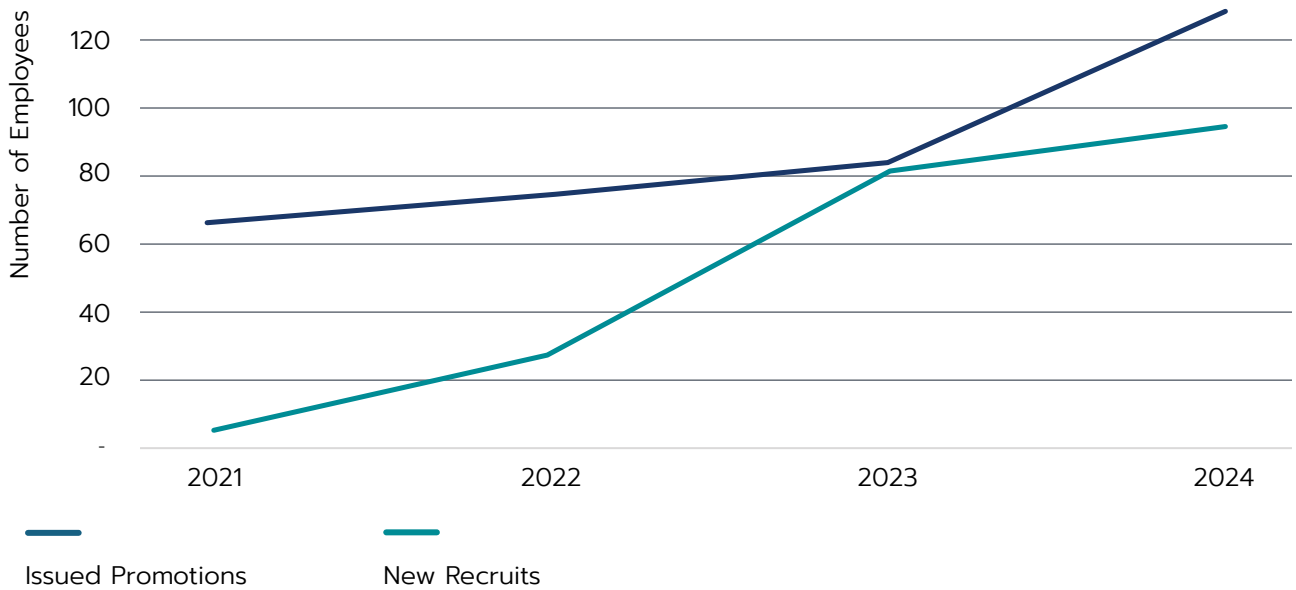


Fig. 9 Employee Engagement and Talent Development


Issued Promotions vs New Recruits (2021-2024)



Acknowledging the indispensable role of its workforce, the Corporation introduced a comprehensive employee benefits scheme designed to enhance staff well-being and fortify employee retention. By fostering an inclusive and supportive work environment, coupled with competitive incentives, this initiative underscores the Corporation's steadfast commitment to attracting and retaining top-tier talent. Complementing these efforts, the Corporation also launched a contributory pension scheme for all employees, reinforcing its dedication to long-term workforce stability while ensuring employees benefit from enhanced financial security beyond their tenure.

Fig. 10 Our annual team building event, held in May 2024





Looking ahead to 2025, the Corporation is poised to implement targeted initiatives, including expanded mental health support services, more direct and proactive HR engagement, and the introduction of an employee satisfaction survey. These measures are aimed at refining retention strategies, fostering a positive workplace culture, and sustaining a highly motivated and resilient workforce.

Occupational Health and Safety

The Corporation's Health and Safety (H&S) function plays a pivotal role in mitigating workplace risks through a robust framework of proactive risk assessments, continuous monitoring, and stringent compliance with regulatory standards. The Injury Board, an integral component of our H&S governance, meticulously evaluated all occupational injuries, ensuring that incidents are thoroughly analyzed, corrective actions are swiftly implemented, and lessons learned are embedded into WSC's operational protocols. This structured approach has significantly reduced the number of injury-related absences, enhancing workforce productivity and operational resilience.

Furthermore, WSC conducts regular, site-specific risk assessments to identify potential hazards and implement preventative measures tailored to the unique operational requirements of each facility. These assessments, coupled with rigorous safety audits and real-time H&S monitoring, enable the Corporation to anticipate and address risks before they escalate. Through continuous training initiatives, awareness programs, and the enforcement of best-in-class safety practices, WSC has successfully cultivated an environment where safety is embedded into the fabric of daily operations. As a result, the Corporation has not only achieved a notable decrease in injury-related lost workdays but has also strengthened its overall safety culture, reinforcing its unwavering commitment to operational excellence and employee well-being.

Conclusion

The Corporation achieved remarkable milestones in 2024, solidifying its financial stability, operational efficiency, and commitment to sustainability. Looking ahead to 2025, key areas of focus will include strengthening revenue collection, enhancing workforce engagement, completing critical infrastructure projects, and advancing sustainability reporting. With these priorities in place, the Corporation is well-positioned for continued growth and success in the coming years.

WASTEWATER NETWORK AND TECHNICAL SUPPORT

The Technical Support Services (TSS) section comprises a body of multidisciplinary employees, led by professional engineers, providing mechanical and electrical engineering services. On the mechanical side, significant works were completed at Gwarena and Manikata Boosters with the installation of new pipework, while the pumping layout of Tas-Salib Reservoir was modified to accommodate an overhead traveller (Fig. 11). Nigret Tank was equipped with a new booster pump and automation system to address increased water demand, and Naxxar Reservoir received a new set of energy-efficient contingency pumps. Installation works at Misrañ Lewża Booster are expected to be completed in the first quarter of 2025.

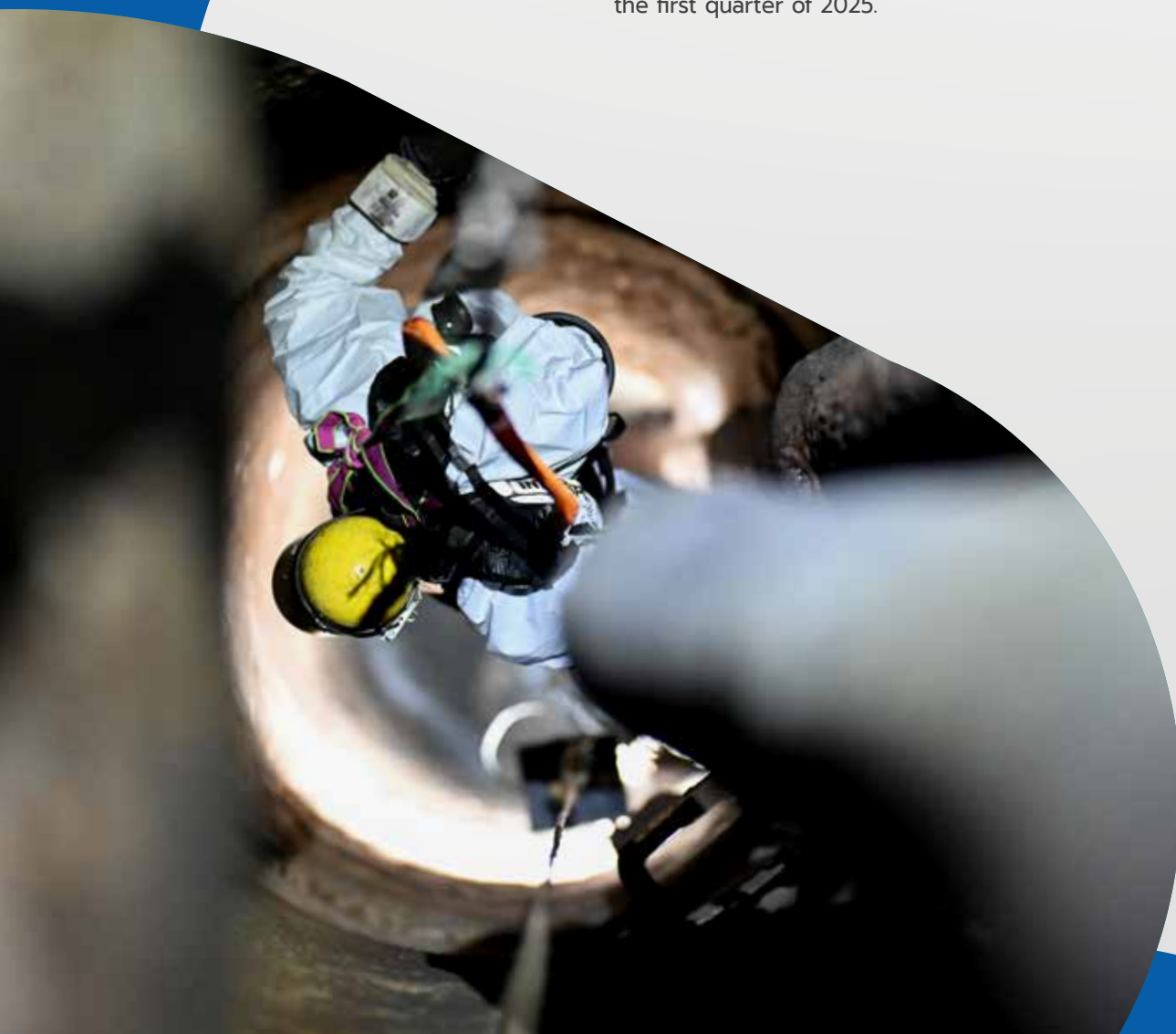


Fig. 11 Overhead traveller at Tas-Salib Reservoir



The electrical division completed various projects in 2024, including the upgrade of Paradise Bay wastewater pumping station (WWPS) with an energy-efficient electro-mechanical setup (Fig. 12). Wastewater transfer units were also improved through the commissioning of new electrical control equipment at Xwieki Santa Katerina WWPS (Fig. 13), Għajn Dwieli WWPS (Fig. 14), and Mġarr WWPS (Fig. 15). Additionally, the Mechanics, Welders, Machining, and Wastewater Pump Repairs workshops at Kordin played a crucial role in supporting essential WSC functions, responding efficiently to all requests. These workshops are set to undergo an overhaul of their MEP installations following a tender contracted towards the end of 2024.

Fig. 12 Pumps at Paradise Bay WWPS



The WSC acquired 28 standby generators through a public call as part of its contingency plan to increase the autonomy of its installations during possible power outages. As a result, the number of Wastewater Transfer sites equipped with fixed standby generators has increased from 24 to 34. The remaining sites can be supported by three towable generators, which were also included within the scope of the tender. For Water Booster sites, coverage has been expanded from 2 to 17. Additionally, the tender includes a comprehensive ten-year maintenance agreement that covers both regular and major servicing at 12-month and 24-month intervals, respectively, along with the supply of consumables.

A new unit was established within TSS to support SCADA systems at the Wastewater Treatment and Desalination plants. Upgrades to the HMI software were implemented for Pembroke, Lapsi, and Ċirkewwa ROs, with further SCADA upgrades planned for Barkat Wastewater Treatment Plant (WWTP) in 2025.

Fig. 13 New electrical control equipment at Xwieki Santa Katerina WWPS



In the North WW Region, contact reports were addressed promptly as per the customer charter, ensuring necessary improvements such as plastering, repair of manholes, patching, and upgrading of damaged network parts. Notable works included replacing part of the old wastewater trunk main in Triq Speranza, Mosta, to increase pipe size and correct negative pipe gradient, as well as replacing damaged networks in Triq San Pawl, St. Paul's Bay, to eliminate infiltrations in third-party properties.

Fig. 14 New electrical control equipment at Għajn Dwieli WWPS



Wastewater pumping stations were upgraded with electrical and communication panel enhancements, improving efficiency and reducing maintenance. Notable projects included the completion of the Pwales pumping station (PS) upgrade, the enlargement of the retention basin at Tax-Xama pumping station and the rebuilding of the retention basin at Għajn Żnuber pumping station. Installing new Flygt Concertor pumps at Ċirkewwa pumping station minimized waste buildup, reducing cleaning time and manpower requirements. Additional improvements involved converting cesspits into pumping stations at Baħrija and Għargħur, eliminating the need for road wastewater transportation.

Fig. 15 New electrical control equipment at Mgarr WWPS



To accommodate increasing wastewater flow, technical trials were initiated for self-cleaning sump systems and smart-run control systems, with the latter scheduled for trial at Buġibba pumping station in 2025. Additionally, a predictive maintenance trial was conducted using condition monitoring of critical pumps from motor control panels. Installation of standalone generators for critical pumping stations was also underway to minimize wastewater overflows during power outages.

Seawater infiltration monitoring was intensified with monthly sampling to detect problematic areas, leading to remedial works to protect the underground network, pumps, and wastewater treatment processes. A dedicated wastewater training course was introduced, assessed through exams, and included in training needs analyses for employees seeking promotions.

The North WW Region continued supporting various projects, including new pipelining techniques like no-dig solutions used in Xemxija Hill. Plans were also drawn up for replacing the rising mains of nine pumping stations utilising EU funding, installing a new wastewater sewer along the Mellieħa-Għadira Bay road, and upgrading the Buġibba pumping station and wastewater rising mains. A feasibility study was initiated to determine the optimal wastewater transfer strategy between the Pwales pumping station and the Mellieħa wastewater treatment plant.

The South Region focused on critical network upgrades, collaborating with project sections to implement initiatives such as those at Triq il-Labour Żejtun, Triq Napuljun Żurrieq, and Bajja is-Sabiħa Birżebbuġa. Major planning efforts led to the initiation of a new tunnel from Barkat employing a no-dig methodology to collect wastewater from multiple villages, reducing reliance on ageing trunk mains and increasing efficiency.

Fig. 16 Upgrades at Birżebbuġa WWPS



Significant interventions were also carried out in Luqa to mitigate strain on the old network, including the Luqa trunk main upgrade and Wied il-Knejjes Luqa project. The Smart City project achieved a 75% reduction in wastewater connection to Xgħajra WWPS through a new tunnel, enhancing wastewater management efficiency. Additionally, persistent wastewater overflow issues in Marsaxlokk were addressed with the successful replacement of 95% of the wastewater rising main up to Qajjenza WWPS.

Major civil site upgrades were executed at the Birżebbuġa WWPS (Fig. 16, 18), Kalkara WWPS (including roof replacement to resolve H&S issues – Fig. 17), Qajjenza WWPS (Fig. 19) and Għajn Dwieli WWPS. The South Region also collaborated with TSS to procure towable generators for sites lacking standby electrical backup, ensuring continuous operation and preventing wastewater overflows.

Fig. 17 Upgrades at Kalkara WWPS



Fig. 19 Upgrades at Qajjenza WWPS



Fig. 18 Upgrades at Birżebbuġa WWPS



In 2024, the Central Region Department invested in strategic wastewater infrastructure upgrades to mitigate infiltration into third-party properties and improve hydraulic capacity. Key interventions included upgrading pipelines in Ħal-Lija, Birkirkara, and Msida, addressing stormwater infiltration issues, and diverting flows to prevent overloading and potential flooding. Diversion projects in Iklin were implemented to redistribute hydraulic loads, ensuring safer wastewater conveyance.

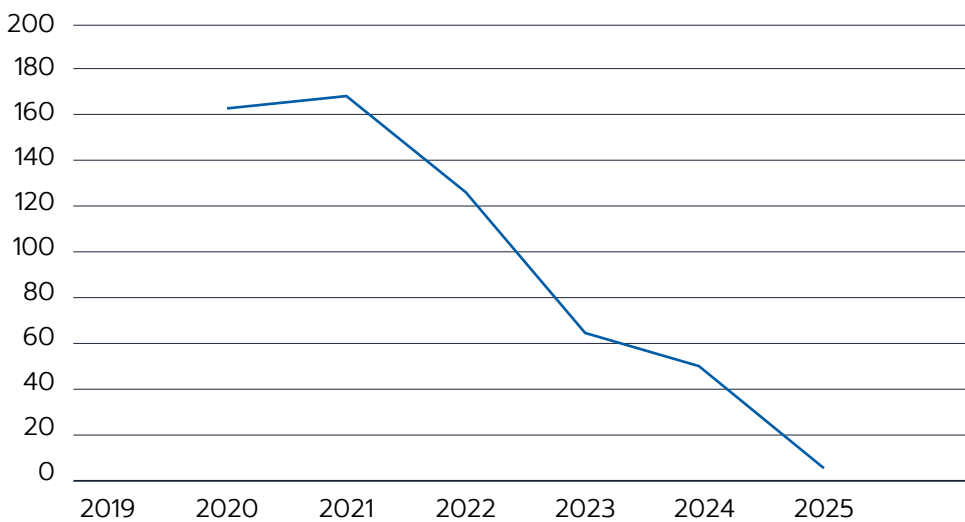
Routine maintenance of trunk mains and underground sewer galleries was intensified to optimize flow rates, remove sediment buildup, and prevent blockages. These combined efforts ensure the resilience and efficiency of the wastewater infrastructure while supporting long-term urban development and environmental sustainability.

A dedicated seawater infiltration analysis section was set up to investigate and improve infiltration issues, with case studies conducted in Gżira and Birżebbuġa. Two projects were planned for Birżebbuġa, and Gżira trials involving manhole lining and CCTV investigations were initiated. Conductivity sensors were also installed in strategic manholes for continuous monitoring.

The Fleet Section managed a diverse fleet of light vehicles, vans, trucks, and heavy vehicles, prioritizing modernization and sustainability. A new tender was issued to replace fifteen pickup vans and fourteen light vehicles with electric small panel vans, reducing CO₂ emissions by 48 tons annually (Fig. 20).

Fig. 20 CO₂ trend showing annual reduction in emissions

Annual CO₂ Generated in (T)



Upon delivery, 95% of the Corporation's light vehicles will be electric, with 20% of small panel vans transitioning to electric power. The Fleet Section also implemented a Vehicle Tracking System to monitor speed limits, fuel and energy consumption and generate operational reports to optimize efficiency and reduce costs.

PRODUCTION AND DISTRIBUTION



Leakage Management

The Infrastructure Leakage Index (ILI) is the key performance indicator WSC prefers to use when reporting leakage levels internationally. This indicator clearly and distinctly depicts the real-loss portion of Non-Revenue Water (NRW) and guides WSC in implementing strategic measures to mitigate and reduce such losses.

Over the year under review, we have strengthened our leakage control teams, comprising five leakage Engineers, 13 leakage technicians, and 37 night detectors, split across four distinct regions across Malta and Gozo. The concept of accountability has been applied vigorously, with each member of the leakage control team responsible for the leakage levels within their respective regions and zones and doing their utmost to keep the leakage levels at the lowest possible value—acting in an interesting yet highly competitive environment.

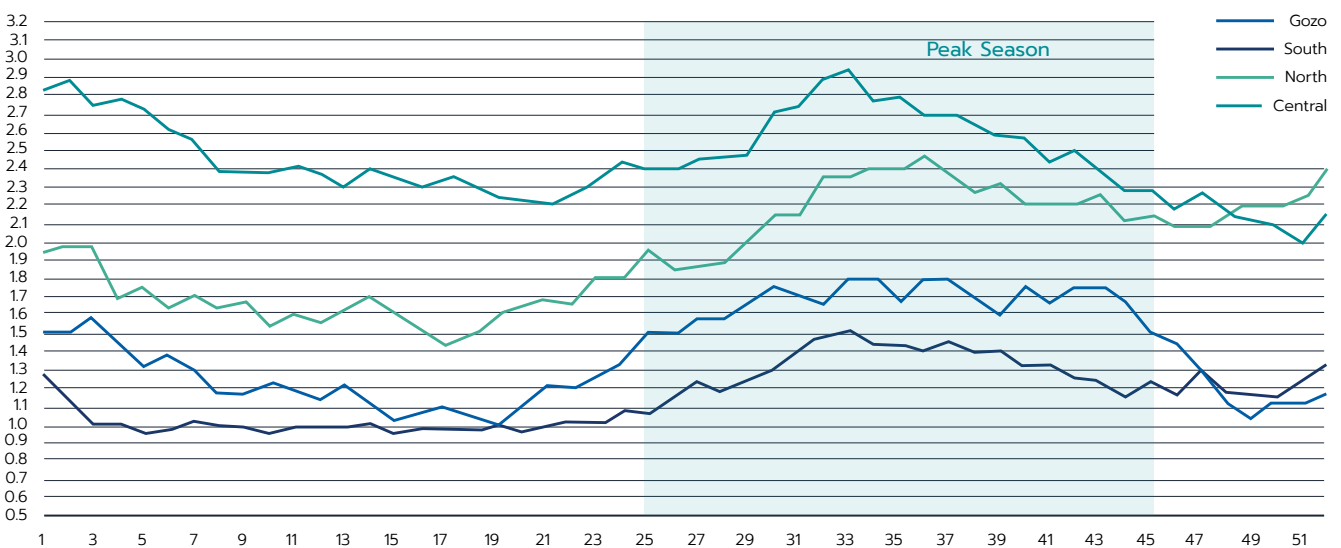
The concept of ILI has been taken a step further by WSC and implemented at a district metering zone (DMA) level rather than on a national basis for reporting purposes. So, in effect we do not solely calculate the ILI on a yearly national basis, but on a weekly DMA basis. In this manner, the leakage levels in each DMA are known in quasi-real time, and any efforts implemented to reduce leakage can be easily assessed. The worth of all decisions taken in this respect can thus easily be visualized, and corresponding tactics implemented accordingly to ensure target leakage levels are met.

Moreover, we are happy to announce a record year in the leakage control arena.

In 2024, the Malta average ILI was recorded at 1.75, further improving on last year's record of 1.84. This shows excellent performance gains, with an overall reduction in leakage of 3.3% over the preceding year, saving over 115,000 cubic meters of water when compared to 2023 levels.

Fig. 21 Weekly progression of the ILI in all four regions

Weekly ILI Comparison



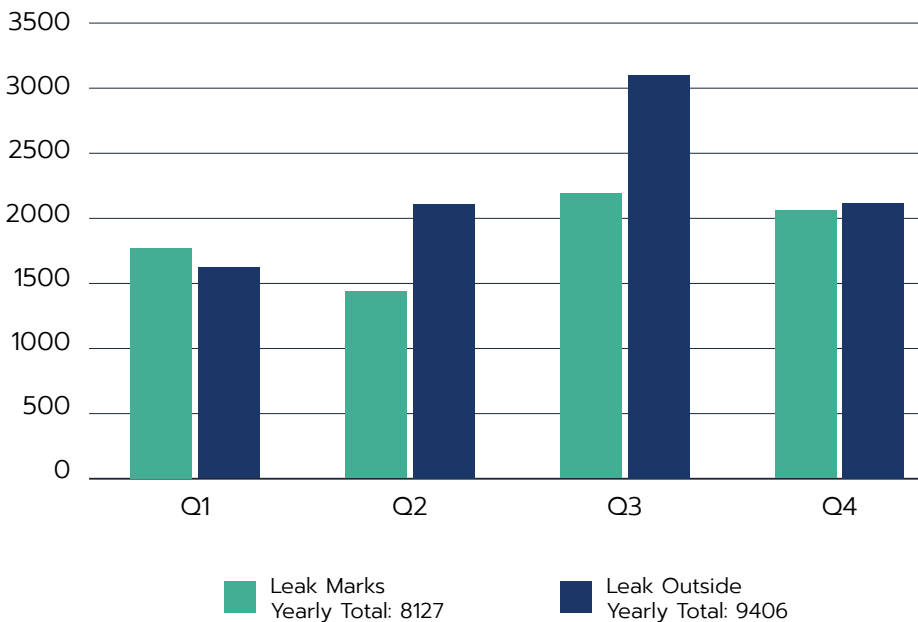
The above graph depicts the weekly progression of the ILI in all four regions. Several factors, such as significant temperature fluctuations and changes in demand, contribute to an increase in ILI during peak season.

The bar graph depicted below shows the weekly distribution of the 8,127 suspected leak marks detected in Malta and Gozo throughout the year under review. The increase in the number of leak marks detected in the summer season is reflective of the increased ILI levels during this time, requiring significantly more effort to keep the leakage trend at bay.

Apart from the leak marks detected by our detection team, WSC also promotes and encourages its customers to report leaks to help us locate and repair them in the shortest possible time. This approach is highly beneficial for our leakage management, as 9,406 such leaks were reported by customers in Malta and Gozo throughout 2024. The distribution of these reports is shown below, further emphasizing the difficulties brought about by seasonality.

Fig. 22 Weekly distribution of the 8,127 suspected leak marks

Leak Marks & Leaks Outside 2024



Achieving these results required significant efforts in multiple areas, including reducing the completion time for all leaks, improving the distribution network, and investing in new technologies.

Among the larger investments made in this area are:

- Renewal of aged pipelines
- Procurement of 300 telemetry-based loggers, which enable near real-time monitoring of flows, pressures, and leakage events, plus an active alarm system.
- Procurement of over 400 new Pressure Regulating Valves (PRVs), ensuring steadier pressure management.

Other activities undertaken throughout the year, such as pressure management exercises and continuous study and analysis of the distribution network to identify potential synergies gained through rationalization (such as the re-distribution or creation of new DMAs), were also critical for achieving record leakage results.

Fig. 23 Replacement of old mains



Fig. 24 Repairs carried out on mains



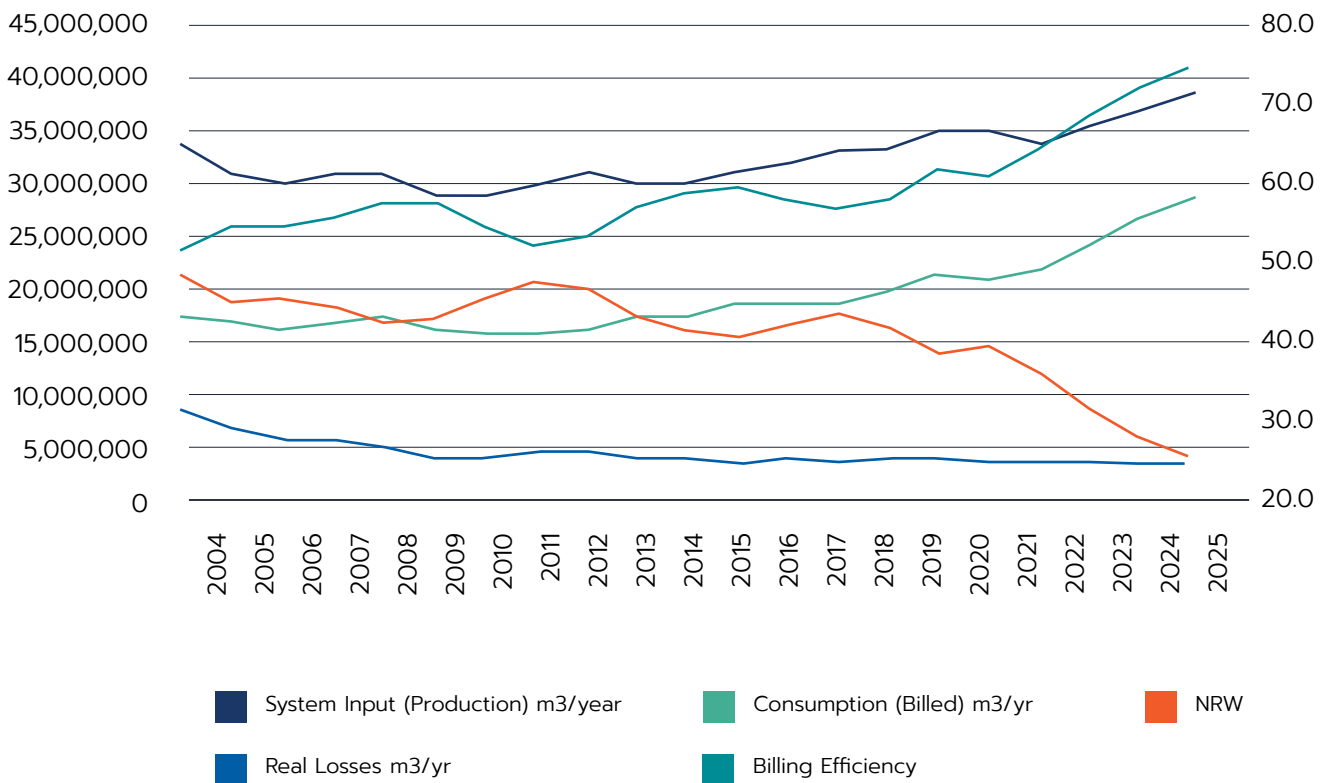
Fig. 25 Upgrading of pipework and restraining anchorage at Lapsi Reverse Osmosis plant



Non-Revenue Water (NRW)

NRW, on the other hand, depicts the overall efficiency of the water production and billing process. This value incorporates the real losses referred to above and the apparent losses, which comprise billing anomalies, meter under registration, and misuse of water.

Fig. 26 Official Key Performance Indicators guiding WSC to meet targets



Depicted clearly in the above graph are the year-on-year records WSC is breaking, in the overall efficiency related to NRW. Today, WSC boasts an NRW figure of 25.4% from a high 47.6% as registered in 2011, or better still, an efficiency of 74.6% when compared to a low 53% in 2011. The year under review alone saw an improvement of 2.5% increase in efficiency as compared to the previous record year, resulting in substantial billing gains emanating from apparent loss management and commensurate reduction in water production efforts via real loss management. Obviously, this progress is strengthening the financial position of WSC, assuring future reinvestments to further improve efficiencies throughout the corporation.

Drinking Water Directly from the Tap – The Work Behind the Idea

By far, the greatest effort expended during this reporting year was the run-up and related preparatory works to launch the improved tap water drinking quality—an effort directed towards finally reducing the amount of one-time plastic usage.

All the blending potential of the produced RO (reverse osmosis) water is now being harnessed and transferred directly towards the Ta' Qali group of reservoirs. This high-quality water is then blended with mineral-rich groundwater abstracted from the mean sea-level aquifer, and a healthy homogenous mix is then distributed all over the island. This same process happens at Qrendi reservoirs via the Lapsi reverse osmosis plant and Ta' Cenc reservoirs in Gozo via Ffondoq reverse osmosis plant

To facilitate the transfer of this homogenous mix towards the northern harbour area, 800 meters of tunnel between Ta'Qali Reservoirs and Sta Katerina sluice room is now being utilised to replace the old 600mm diameter pipework that used to supply water towards Valletta. This new pipeline is capable of handling the increased volumes of water that are now dispatched from this sluice room towards Valletta and the Northern Harbour area, reaching a peak flow of over 2 million litres per hour without any significant drop in pressure.

To facilitate the proper blending of water, the old Weir room situated at Ta' Qali required an overhaul due to the aged structure and self-limiting layout. The new design now ensures that the increased volumes of water shall be well handled, and the mixing of both waters done successfully to safeguard the reservoirs' structure and achieve the correct blend.

The bypassing of the present weir room was no easy feat. A temporary network that serves as a bypass, directly pouring into the penstock room, was constructed while still achieving one blend in all three Ta' Qali reservoirs.

Fig. 28 Penstock chamber acting as temporary weir room.



Fig. 27 The 800mm diameter pipe transporting water towards the northern harbour areas.

Fig. 29 Demolition of old weir room at Ta' Qali group of reservoirs



Switching water supply from the direct Pembroke RO feed to the Ta' Qali blend required very careful planning, as we needed to operate a new system using the available infrastructure whilst simultaneously making necessary changes to the same network for the new system to operate. Another challenge was to plan ahead and create contingency plans for any possible failure across the network. Weak points in the network were highlighted and tackled, the largest being the 350mm main in Bellavista Road, which was replaced by a new 500mm main, the benefits of which include safeguarding supply by avoiding

Fig. 30 Upgrading the network to allow for changes in the distribution of water



pipe failure, Increase in diameter allowing larger volumes of water through whilst suffering less friction losses and connection to another already existing 500mm main allowing better flow distribution possibilities

Considering the network will be experiencing a lower overall pressure of about 2.5 bar following the changes, several DMAs required modifications, including but not limited to bypassing PRVs to operate on raw steady upstream pressures, rationalising DMA boundaries to accommodate new pressure requirements, higher parts of San Gwann required a newly commissioned booster pump in order to reach required pressure, a master meter for the 700mm main supplying area was updated to a 500mm electromagnetic meter, and a new 800mm outlet connecting all three Qali reservoirs was laid in the newly excavated tunnel connecting to the 600mm cross in the sluice room in Attard.

Naxxar Reservoir Restoration

Naxxar Reservoir is one of the major reservoirs of huge importance that feeds water to the higher parts of Iklin and Għargħur, all of Mosta, down to Burmarrad, Qawra, Buġibba and soon the Mellieha reservoir, covering practically the entire the North Region of the island.

An overhaul of the reservoir was required, considering the deteriorating structure, including both roof-supporting structures and the internal lining. The reservoir was also suffering from a considerable chronic leak. The final restored structure has been designed to eventually house photovoltaic panels on its roof. The design also included 4 new larger outlets that allow for future increases in water demand.

Temporarily eliminating such an important reservoir from the network comes with plenty of challenges, including compromising the security of supply. This triggered a team effort of highly technical people to ensure adequate contingency plans were at hand prior to the project's initiation.

Primarily, pumping from Ta' Qali Reservoir to Naxxar Reservoir was tested to make sure the system was capable of meeting demands even during the high peaks of summer. A new Pressure Sustaining Valve (PSV) was installed and set up precisely to simulate the pressure usually experienced with the reservoir in place. The PSV is the controlling factor, making sure that pressure in Mosta gravity is held steady, avoiding high surges or low pressures, and set up in a way to discharge excess water into St Paul's Bay area, keeping up-steam pressure steady. Finally, a new real-time dashboard was created on SCADA, clearly illustrating the most important numbers with precisely set alarms for control room personnel to monitor and control the whole operation.



Fig. 31 Naxxar Reservoir works underway

Water Production

The total amount of potable water produced from the four reverse osmosis plants in 2024 reached 25,745,606 cubic meters, or an average of 70,316 cubic meters per day, peaking in August at 79,084 cubic meters per day, marking August 2024 as an all-time record high for RO production. The increasing trend in water demand and WSC's endeavour to improve water quality meant that more production was needed from the RO plants compared to the previous years. Consequently, in 2024, the increase in RO production was +8.54% over the previous year, of which over 50% was produced from the Pembroke RO plant alone.

The overall annual specific energy consumption averaged 4.68kWh/cubic meter, or just 14% more than that of 2023. This increase is the effect of RO membrane ageing, as over time, membranes became fouled, even under normalised conditions, to a point where it would then become cost-effective to have them replaced. In fact, in 2024 a total of 4 RO trains, specifically one at Pembroke, two at Lapsi and one at Ćirkewwa, had their performance restored following the replacement with new membranes. The plan is to continue restoring RO train performance in 2025, with further membrane replacement programmes, particularly at Pembroke.

Although the summer peak load was managed without any operational issues, whereby all 4 plants were in good condition and readily available, with extra capacity to spare, several works are being implemented to ensure the secure supply of wholesome water throughout the islands. Following the successful relining of the product reservoir in 2023, a more ambitious project was undertaken in 2024 to reline also the feed reservoir. The work entailed the physical bypassing of the reservoir through a temporary FRP tank system, which was a complicated task, necessary to ensure an uninterrupted supply of water.

In order to produce more potable water, the plant's feedwater capacity has to be increased. For this purpose, one of two new sea wells was successfully drilled by mid-2024, deep below the blue clay layer in the Wellfield at Ćirkewwa RO, such that it was possible to increase feedwater capacity, contributing to an additional 1,300 cubic meters per day of product water, by adding membranes on Train No. 3. Work on a second borehole (also partly cased, and 180m deep in total) was commenced in the last quarter of 2024 and should be completed in the first quarter of 2025.

At Pembroke, three similar sea wells were drilled inside the plant footprint within the soil area. They shall be commissioned and connected to the feedwater system later in 2025, after the completion of trenching works related to the new 1200mm product trunk main, also passing through the same soil area. These four wells will provide enough feed seawater to produce an additional 8,000 cubic meters per day of RO water.

Economic and population growth trends have been on WSC's radar for the last five years, and new future expansion plans have been discussed and decided, especially in view of the WSC quality promise.

The following table illustrates the planned upgrades which are now enshrined within the national investment plan for the coming years.

Table 4 Reverse osmosis plant planned upgrades

Plant/year	2024 max production	2025 add production	2026 add production	2027 add production	2028 add production	TOT MAX	2030 add production	TOT MAX
Hondoq	9			3		12		12
Ćirkewwa	12.8		4.2	4.2		21.2	9	30.2
Pembroke	48	3.5		6	9	66.5		66.5
Lapsi	27	3.8+3.8	3			37.6	23	60.6
New Plant							30	30
Total	96.8	11.1	7.2	16.2	9	137.3	62	199.3

RO Plants - Total Annual Production (M3)

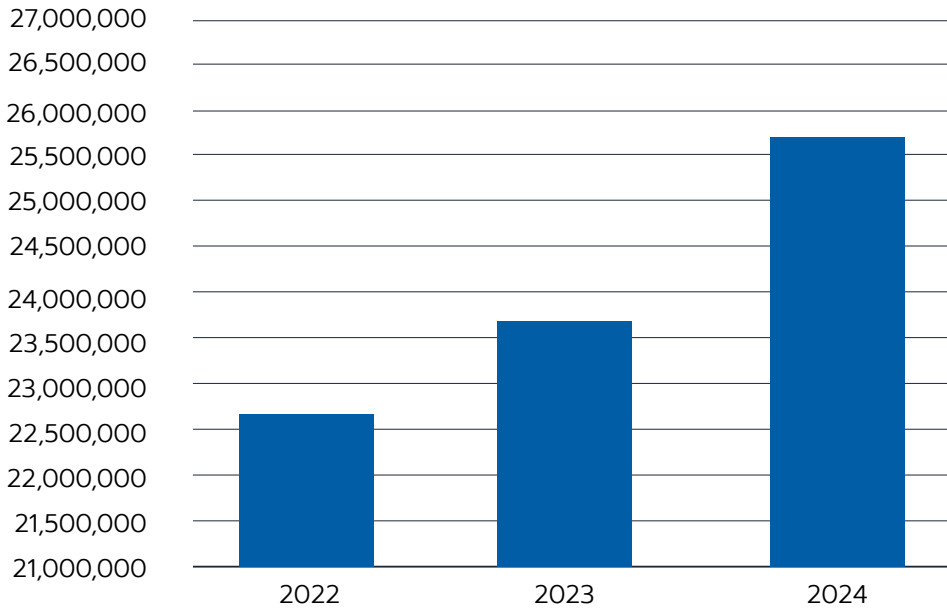


Fig. 32 Total annual RO production 2021 to 2024

RO Plants - Overall Weighted Specific Energy Consumption (KWHr/m3)

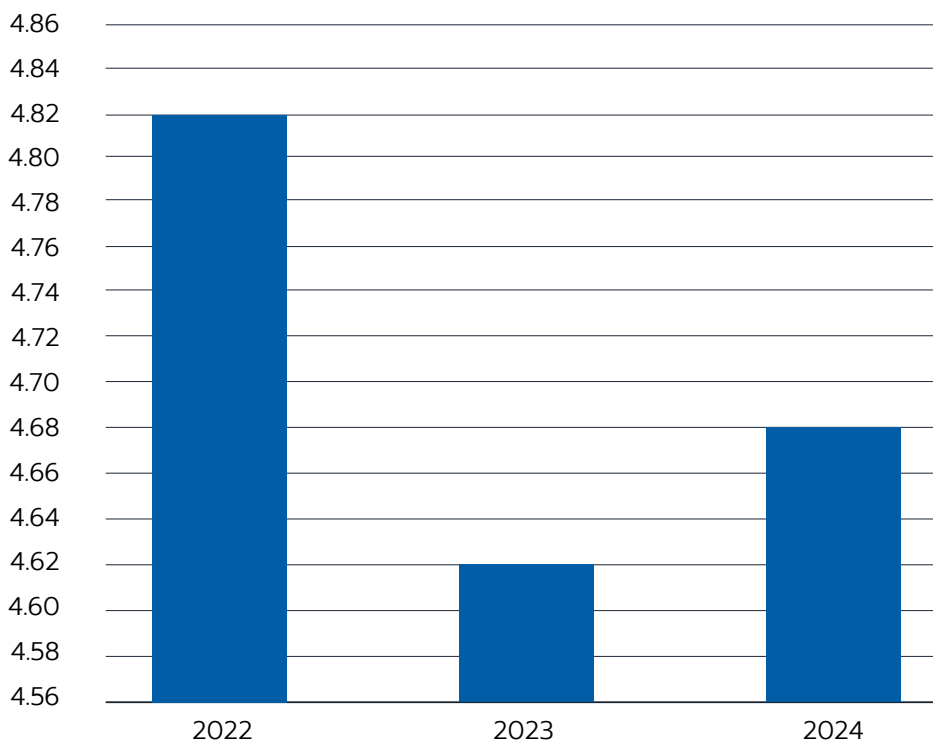


Fig. 33 Average annual weighted specific energy consumption 2019 to 2023

RO Production 2024

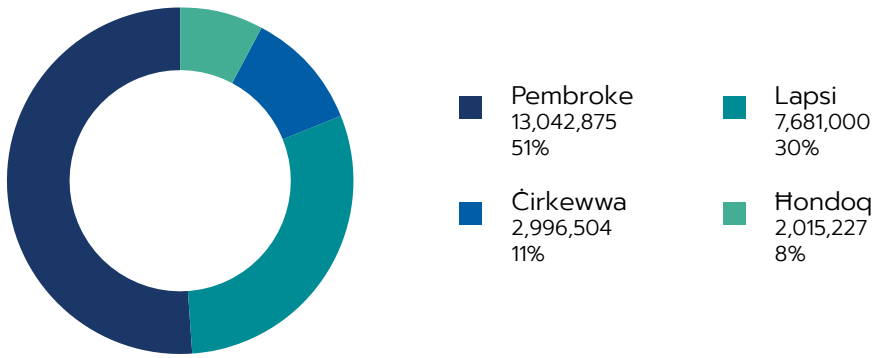


Fig. 34 Proportion of total RO production per plant in cubic meters – 2024

RO Water Production (m3/Day)

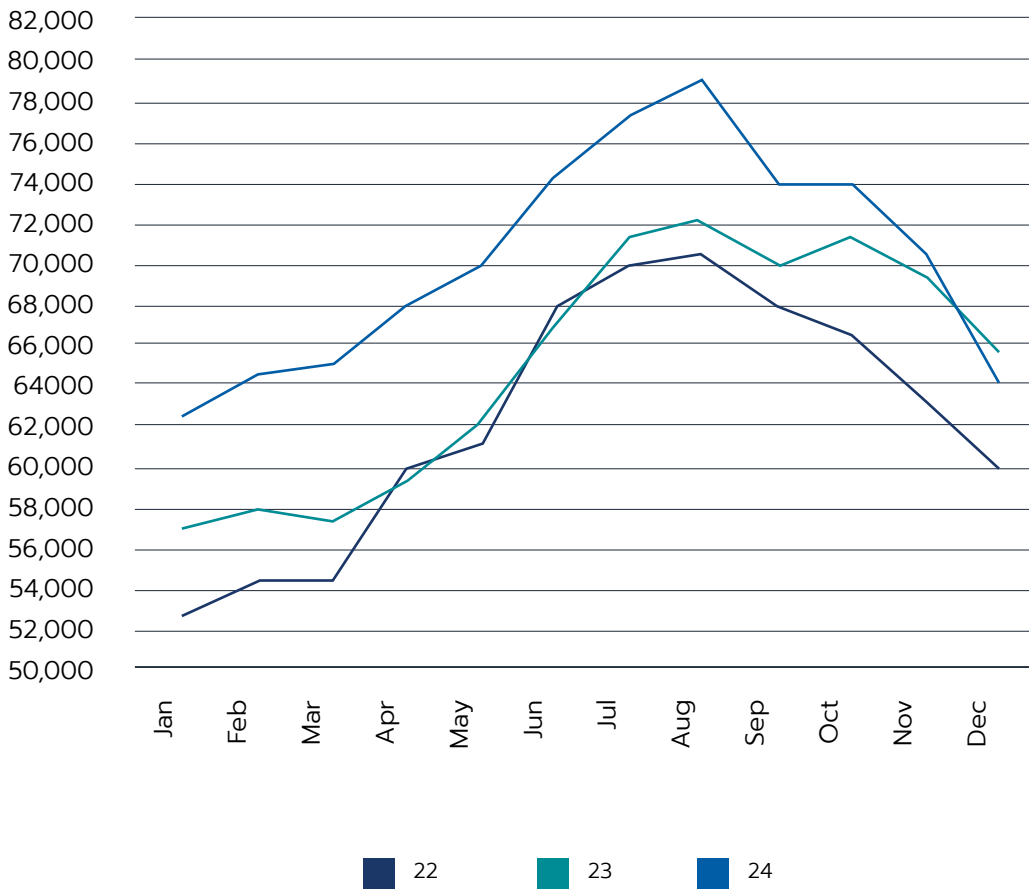


Fig. 35 Comparison of RO Production per day – 2021 to 2024

Abstracting Groundwater for Blending purposes:

The total amount of potable water supplied to the whole WSC network for 2024 stood at 38.8 million cubic meters. Potable water production to meet water demand is a mix of reverse osmosis water and ground water production sites. For 2024, 13.1 million cubic meters, approximately 34% of the potable water production, was met by groundwater.

Water Production 2024

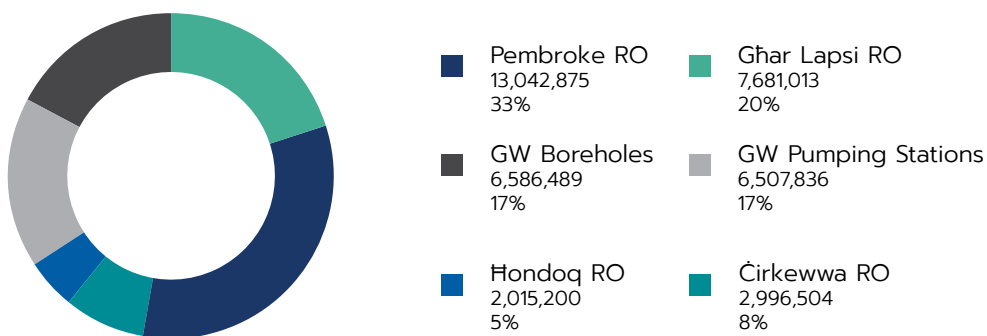


Fig. 36 2024 Water production figures in cubic meters

An increased water consumption of approximately 5% has resulted in a corresponding increase in production from reverse osmosis plants and groundwater abstraction. In line with WSC's strategy, groundwater production remained fairly constant while the number of abstraction sources increased. For this to happen, production sources have been increased to 78 boreholes and, 10 pumping stations in Malta and 37 boreholes and two pumping stations in Gozo. Groundwater volumes produced from active sources have been summarised in the table below.

Water Production

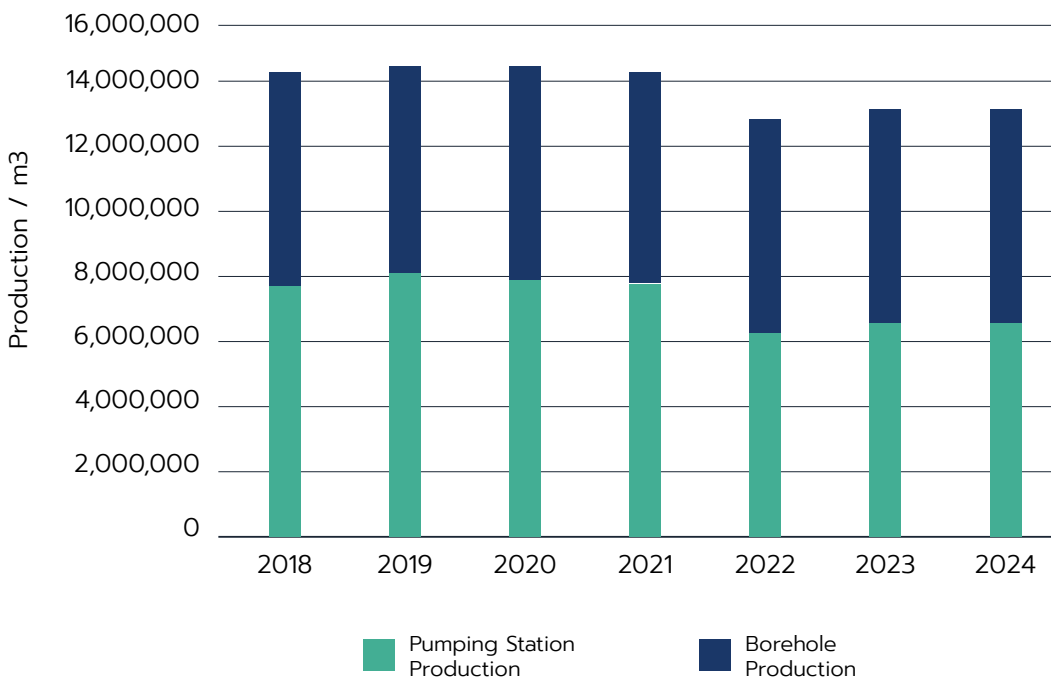


Fig. 37 Groundwater production trend

WSC's strategy to limit groundwater abstraction is complemented by the recommissioning of groundwater sources that had been abandoned, mostly due to collection network limitations. With an improved network to transfer water from production sources to reservoirs, WSC has been reactivating sources whilst reducing abstraction from previously utilised sources. This results in a better distribution of abstraction of groundwater, thus relieving stress on localized water abstraction. This spatial distribution was initiated in 2019 and during 2024, three other sources have been refurbished and are now contributing to groundwater production. Seventeen sources have been reactivated until the end of 2024; during 2025, other sources across Malta are planned to be reactivated.

WSC's plan to reduce the salinity of the potable water blend by year-end of 2024 has seen the salinity of blended water in reservoirs for use by customers maintained at 2022 and 2023 levels. Despite increasing water demand, WSC's customers are, therefore, still benefitting from the improvement implemented in early 2022, resulting in a better potable water taste when compared to previous years. Further salinity reduction in blended water was also carried out in the first two months of this year to achieve the target chloride level as recommended by the World Health Organization.

Average conductivity at major reservoirs in Malta

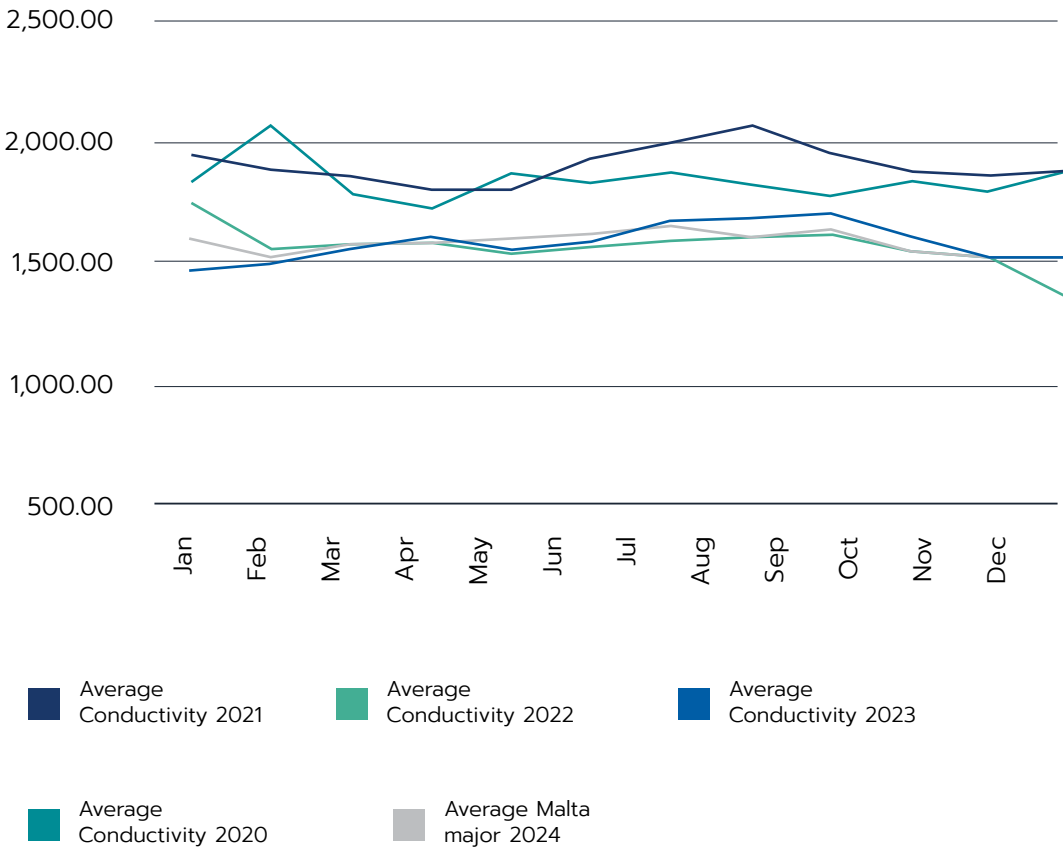


Fig. 38 Potable Water salinity trends for major reservoirs

Another aspect related to customer acceptance of potable water is the taste and odour that emanate following the disinfection processes. As part of the disinfection optimization exercise carried out, chlorine dosing has been reduced to 0.8 mg/l. Alternative disinfection technologies have been tested in the North of Malta with the installation of new equipment at the Ċirkewwa Reverse Osmosis Plant and the Miżieb Pumping Station. Encouraging results from lab testing have been confirmed. These results are expected to drive further investments in alternative disinfection equipment at our reverse osmosis plants and major groundwater stations. The goal is to replicate the successful trials conducted in Malta North across the entire island in the coming years.

Reserves of potable water are crucial in terms of security of provision and this aspect cannot be overlooked. Several maintenance and upgrading projects of reservoirs have been initiated over the year under review, and presently, testing and planning are ongoing to upgrade and bring online St Paul’s Tank, Fiddien 2 and the Naval Reservoir. The reinstatement of St Paul’s Tank is being planned to double water reserves in the North of Malta. Rehabilitation of the Fiddien Reservoir is planned for 2025, whilst the latest water retention tests at the Naval Reservoir were successful. The reinstatement of the three reservoirs mentioned above will bolster water reserves by 100,000 cubic meters.



Fig. 39 Naval Reservoir during testing with 9 meters of water

Upgrades in Gozo

During the past year, Gozo has undergone significant tactical changes that have led to noticeable improvements in key performance indicators.

There has been significant effort in replacing aged mains for quality and leakage management in the potable water sector. This year alone, we have replaced no less than 4 km of mains across the island, along with an additional 0.5 km of extensions to serve new developments. In the wastewater sector, our team in Gozo has also conducted several replacements and upgrades as needed, including over 1 km of extensions to service new developments and 2 km of mains replacement.

A major project worth noting has been undertaken to connect the two main reservoirs at Ta' Ċenc. The primary goal of this project is to ensure that Gozo benefits from consistent high-quality water throughout the island, enabling the reservoir outlets to meet the ever-increasing water demand. Additionally, this connection aims to reduce water losses by facilitating maintenance interventions on either reservoir without interrupting supply.

The Gozo Wastewater section is well-equipped with skilled personnel and heavy machinery to carry out road works during emergency situations. This capability allows us to respond quickly and efficiently while performing these tasks at a fraction of the cost compared to hiring a private contractor. Below is a list of projects completed in 2024:

- N/S off Triq Tal-Ħniena, Xewkija – 120 meters
- Triq il-Kanal, Xewkija, June 2024 – 40 meters
- Għajnsielem – N/S off Mġarr road – 25 meters
- New public road off Triq Santu Pietru in Għarb – 96 meters
- Triq Ta' Ċenc, Sannat – dual gravity main replaced due to repeated wastewater infiltration into basement garages – 80 meters
- Xatt l-Aħmar – gravity main replacement in April 2024 from retention basin to gallery - approximately 300 meters
- Triq Kerċem, Victoria – renewal of deteriorated gravity sewer main – 55 meters
- New roof at Xlendi Electrical Panel room – July 2024
- Ħondog generator platform works – November/ December 2024
- Extended manhole structure works on all manholes along Wied il-Mielah, Għarb to avoid rainwater infiltration from the valley – July 2024
- Office civil/refurbishment works at Ta' Blankas, Xewkija

Fig. 40 General works throughout Gozo



Fig. 41 Xatt L-Ahmar sewer upgrade



Fig. 42 Generator plinth preparation left and installation on the right



Fig. 43 An innovative design to dispense water securely



Fig. 44 A New Water dispenser

Distribution of New Water

This accounting year has seen the commissioning of most of the New Water network and intelligent dispensing systems in the North and Gozo regions. We are proud to state that a lot of effort has been expended in these two locations, which have, over the years, experienced severe drought and increasing groundwater salinity.

However, distributing this water to the farming community does not come without challenges. The old dispensing system utilized a simple card system, in which the card contained details of the client and water credit according to the land size utilized by the client. This card was easily cloned and modified, significantly abusing and misusing this valuable resource.

A new intelligent system has been designed, built, and implemented locally, offering a fresh perspective compared to the previous system. A fibre optic cable connects Each dispensing point to the central control room at WSC's Luqa Head Office. Additionally, each farmer has been provided with a key fob that contains only 64-bit secure data to protect their identity.

When the fob is presented to the dispensing reader, it establishes a secure connection with the central database, which holds all relevant information about the fob holder, including field location, size, crop plan, and the permissible volumes of water as determined by the Ministry for Agriculture, Fisheries, and Animal Rights (MAFA). Once the transaction details are verified, a signal is sent back through the fibre optic cable to dispense the agreed-upon volumes of reclaimed water.

This system includes an additional feature that allows each user, dispenser, and zone to track the volume of water retrieved. This data will enable the detection of any losses in the hydraulic infrastructure. Furthermore, it will provide better and more accurate control over the supply and demand ratio in real-time. The new system will also be connected to SCADA, allowing for autonomous control of all supply and demand operations.

This system was successfully commissioned during the year under review, and we are very excited about the success we have experienced insofar.

To date, 18 such dispensers have been commissioned in Mellieħa, 53 in Mgarr and all 46 Gozo dispensers, a total of 117 installations. An additional 5 dispensers in Mellieħa, 14 in the Popeye Village area, and another 73 in the Ghajn Tuffieħa/Manikata/Mizieb area are planned by summer 2025, adding up to 209. The dispensers are installed over a network extent of over 20 km of mains, 4.3 km in Mellieħa, 6 km in Bingemma and 9km in Gozo.

The plans below illustrate the articulation of New Water distribution networks across Malta and Gozo.

Fig. 45 South New Water

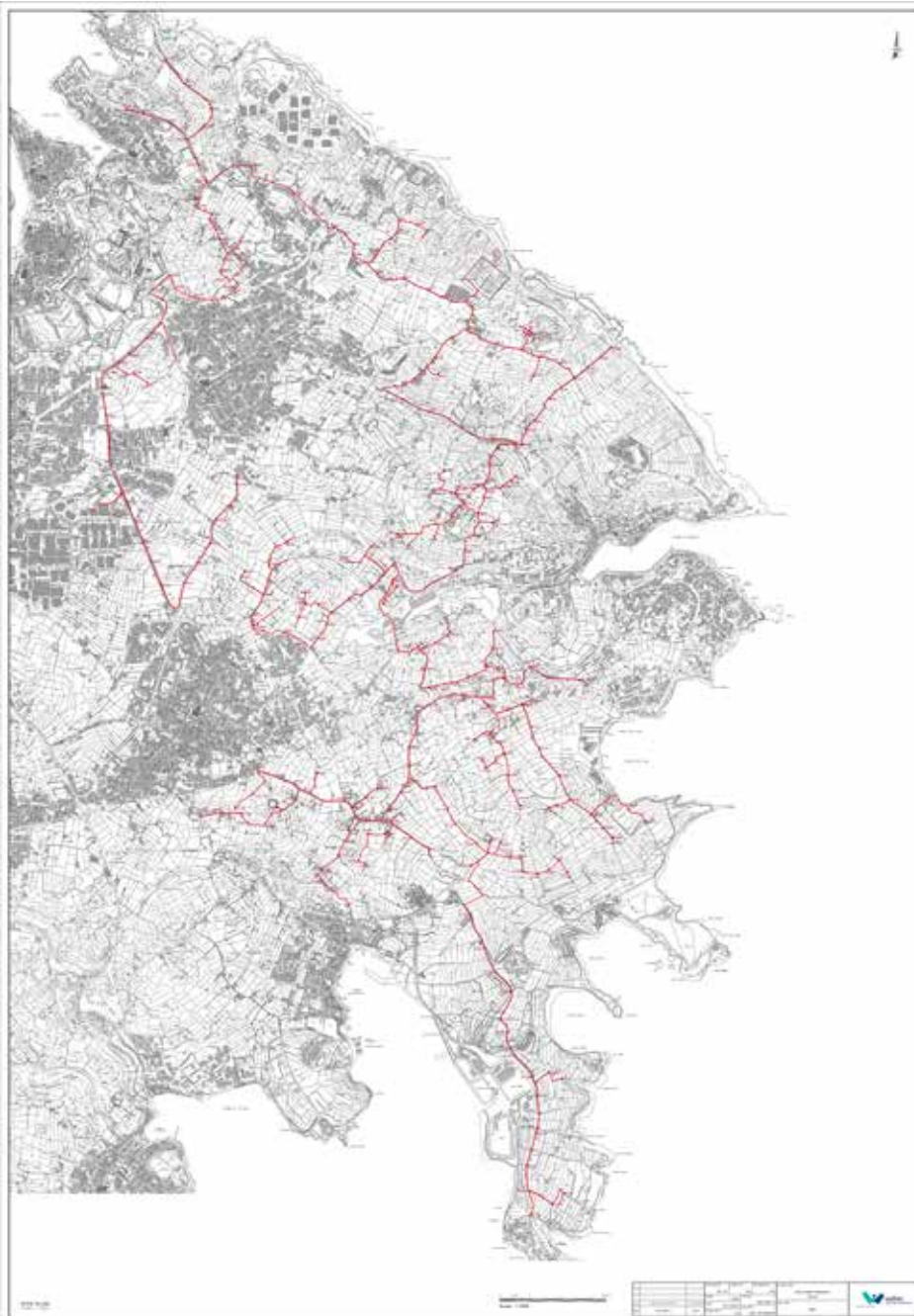


Fig. 46 North New Water

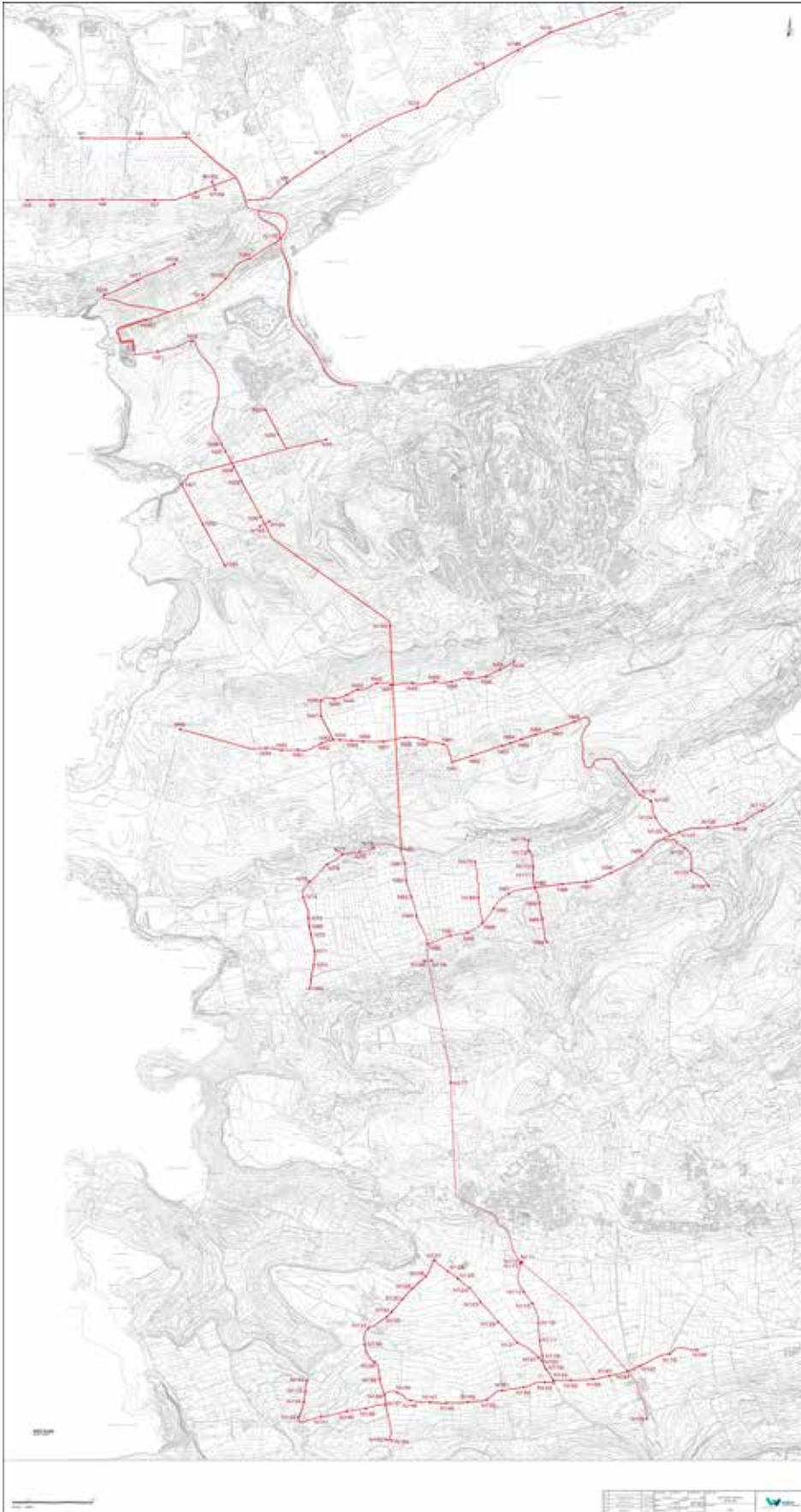


Fig. 47 Gozo New Water

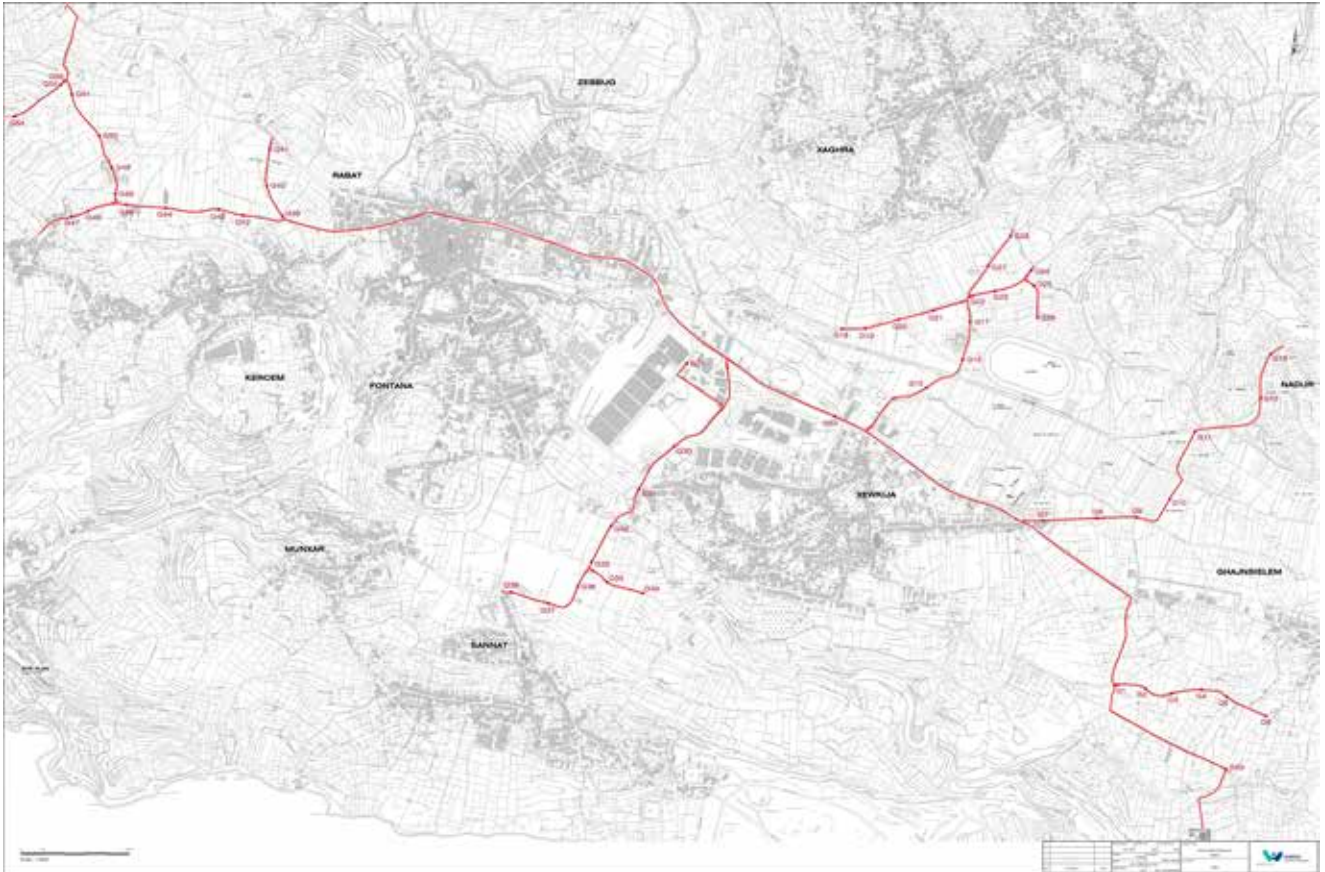
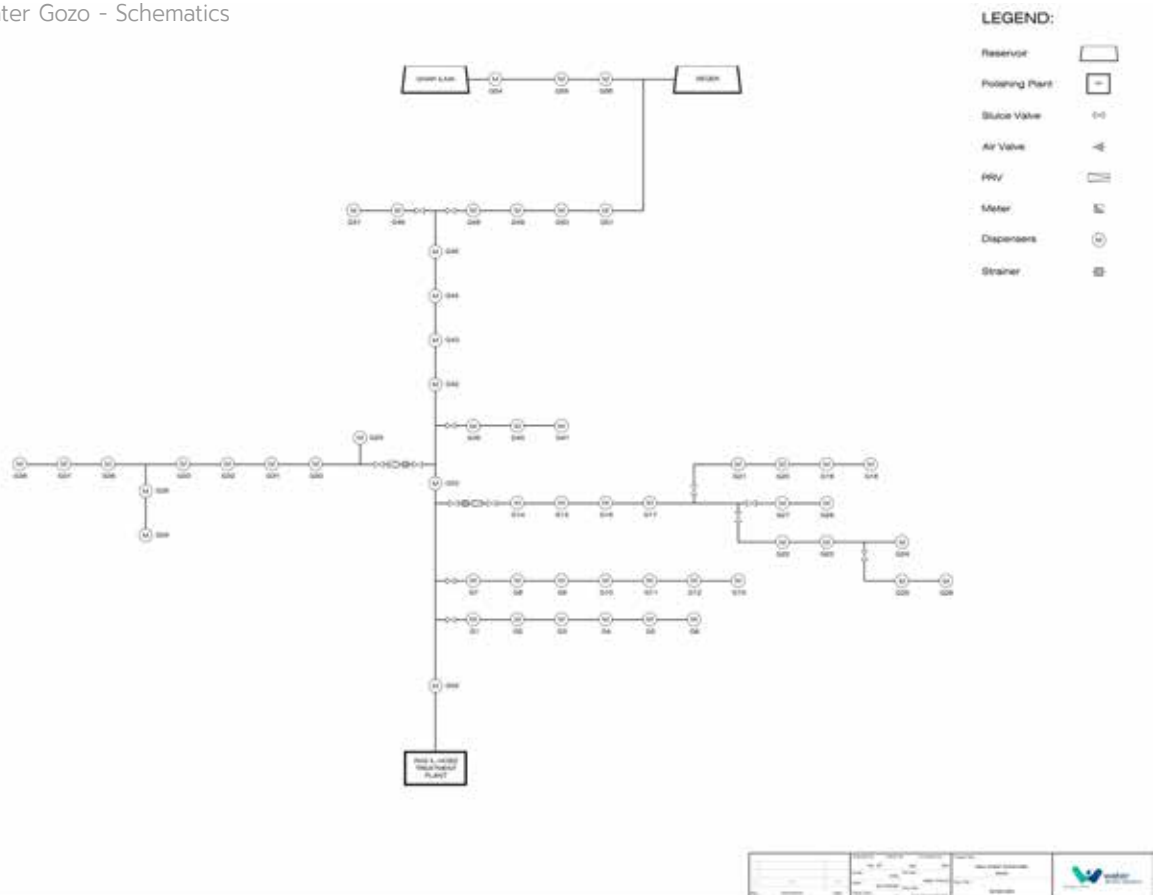


Fig. 48 New Water Gozo - Schematics



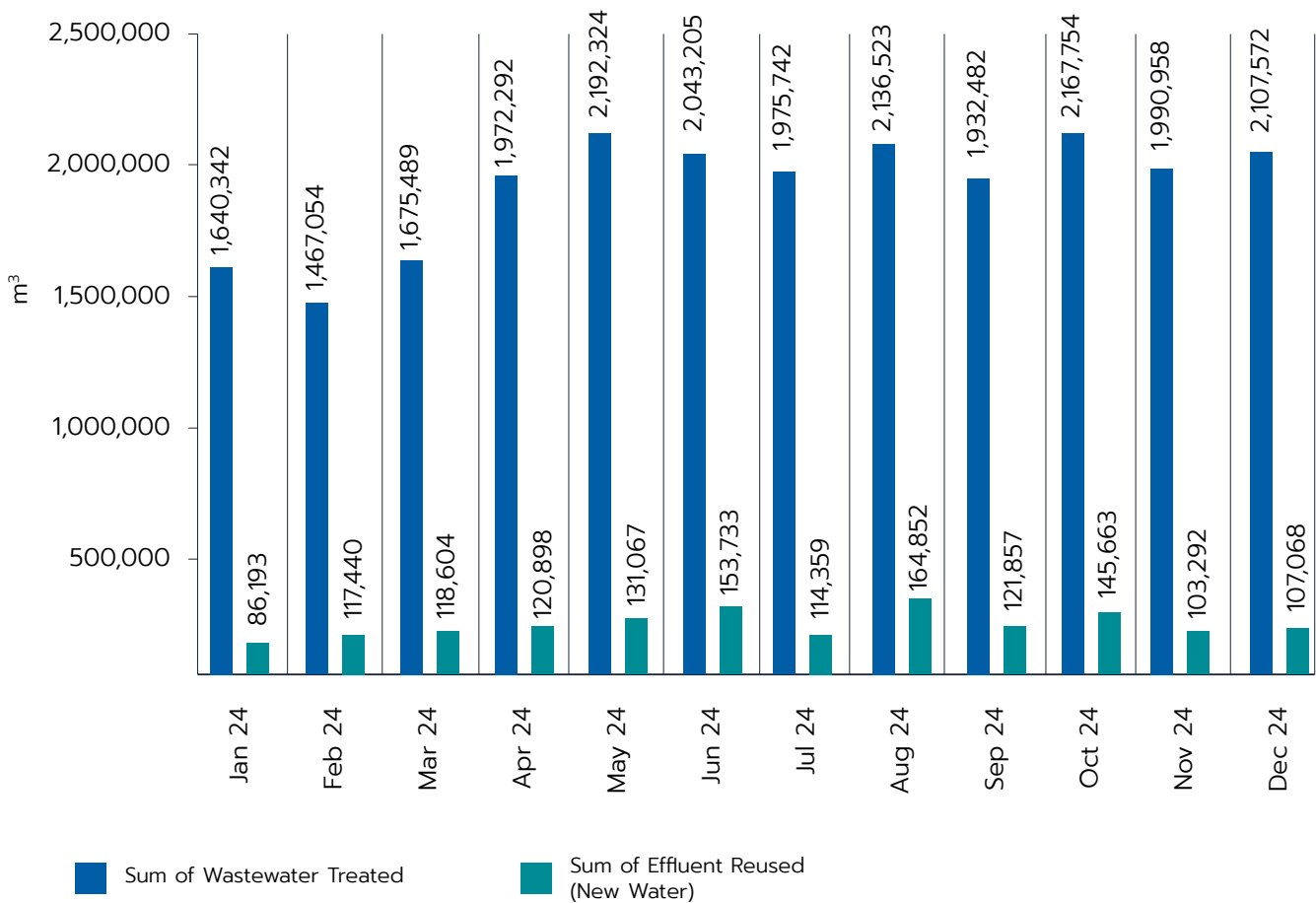
TREATMENT AND MONITORING



Wastewater treatment and New Water reclamation plants

In 2024, through the operation of its three wastewater treatment plants (Gozo, North and South), WSC treated a total of 23.3 million cubic meters of wastewater. Part of this treated effluent was processed further to produce 1.5 million cubic meters of highly polished reclaimed water (New Water) distributed for agriculture through a dedicated network.

Fig. 49 Treated wastewater and effluent (New Water) reused



Malta South Wastewater Treatment Plant

The largest plant in the South of Malta (Ta' Barkat WWTP) treated 15.6 million cubic meters of wastewater, supported by the newly commissioned Sant'Antnin wastewater treatment plant, which treated a further 1.6 million cubic meters. 18,175 tons of sewage sludge was produced and disposed of in the landfill.

Fig. 50 South WWTP treated 15.6 million cubic meters of wastewater effluent in 2024



Treated wastewater is either discharged at sea through a 1 km pipeline or processed further through the water reclamation plant for New Water production. New Water annual production for the South polishing plant totalled 0.37 million cubic meters.

To reduce the greenhouse footprint, the South WWTP sludges are further processed through bio-digesters to recover renewable energy from wastewater. Cogeneration units generate electricity for plant processes and heat the bio-digesters from the biogas generated from the plant's anaerobic digesters. In 2024, 2,187 MWh of renewable electrical energy were generated from the co-generation units. The electricity produced onsite is used to power the plant, accounting for over 20% of its energy requirements. Moreover, anaerobic digestion reduces pathogens and stabilises the sludge with a much higher dryness fraction.

In 2024, the farmyard waste treatment plant within the Sant'Antnin treatment plant, which was commissioned in April 2021, treated a total of 0.21 million cubic meters of farmyard waste, almost double the slurry volumes treated in 2023. In collaboration with MAFA, this initiative reduces the non-urban discharge load on the wastewater network and treatment infrastructure while recovering a significant fraction of organic matter for reuse in agriculture.

Gozo Wastewater Treatment Plant

The Gozo WWTP treated 2.15 million cubic meters of wastewater and processed 8,212 tons of solid waste, which were disposed of in the landfill.

New Water's annual production at the Gozo New Water reclamation plant totalled 0.35 million cubic metres in 2024, an increase of 13% compared to the previous year.

The Gozo farmyard waste treatment plant, which started operating in 2018, handled and treated over 41,000 cubic meters of farmyard waste during this year.

Malta North Wastewater Treatment Plant

The North WWTP (ic-Ċumnija l/o Mellieħa) treated 3.9 million cubic meters of raw wastewater and produced a total of 4,663 tons of solid waste, which were disposed of in the landfill. The treated effluent discharges through a coastal discharge point at ic-Ċumnija, limits of Mellieħa.

The polishing plant supplied around 0.77 million cubic meters of high-quality reclaimed water for agricultural use.

Fig. 51 Malta North WWTP



Wastewater Treatment Plants: Investments, Upgrades and Plans (2024)

The environment in which we operate is dynamic, and our corporation remains flexible, agile, and proactive in meeting current demands. In 2024, we faced new challenges in wastewater treatment, including a revised EU urban wastewater treatment directive, as well as increases in tourism, population, and industrial activity. Additionally, a declining rainfall trend is leading to an increase in demand for non-conventional water (New Water) to support local agriculture.

The following key undertakings are worthy of note:

- A wastewater treatment plant retrofit at Sant Antnin I/o Marsaskala was commissioned in April 2024 and is currently treating around 12,000 cubic meters per day, acting as an extension of the Malta South Wastewater Treatment plant.
- WSC issued, evaluated and awarded two tenders for the upgrade of the reclaimed water plant at Ta' Barkat. This contract will be executed in the period 2025-2026 and will see an increase in New Water production by circa 6000 cubic meters per day.
- Upgrades to the Malta South Wastewater Treatment Plant: A coarse screening overhaul is underway, the primary treatment stage is being upgraded, the aeration equipment is being substituted by more energy-efficient installations, and new stores are being built.

Fig. 52 Refurbishing works at the Malta South WWTP



- Two reservoirs, part of the internal New Water networks, were refurbished and waterproofed to eliminate leaks.
- The Water Services Corporation (WSC) issued, evaluated, and awarded a tender for the replacement of the polishing plant membranes (Ultrafiltration and Reverse Osmosis). These membranes are scheduled for delivery and installation in early 2025, which will restore New Water production to its design capacity.
- WSC has finalized plans to upgrade the Malta North Wastewater Treatment Plant, with a tender publication planned for early 2025. This upgrade will increase the wastewater treatment capacity at iċ-Ċumnija to 20,000 cubic meters per day and enhance New Water production to 8,000 cubic meters per day. The commissioning of this upgrade is planned for the end of 2027. In the meantime, WSC has installed a temporary package treatment plant capable of treating up to 3,000 cubic meters per day until the upgrade is completed.
- Additionally, WSC has finalized plans to upgrade the Gozo Wastewater Treatment Plant, with a tender publication expected by mid-2025. This upgrade will boost the wastewater treatment capacity to 12,000 cubic meters per day and increase New Water production to 4,000 cubic meters per day, with commissioning expected by 2027.
- Lastly, WSC has begun drafting plans for a sludge handling and drying system to treat the Malta South sewage sludge after anaerobic digestion.

Discharge Permitting Unit (DPU)

All discharges into the sewer system end up in the wastewater treatment plants. Illegal discharges not only create problems in the network but also have a negative effect on the operation of treatment plants, both biologically and mechanically. Trade effluents vary considerably depending on the nature of the trade and particular concentrations of certain chemicals are indeed deleterious to the operation and need to be controlled. The sewer discharge regulations offer the legal basis for controlling such trade effluents, and the discharge permitting unit enforces and educates for adherence with the sewer discharge regulations. Trade premises undergo a registration and regulation process with DPU via a sewer discharge permit.

Inspections

During 2024, DPU inspectors performed a total of 5,336 inspections on various establishments and industries in Malta and Gozo. In addition to conducting routine inspections, the DPU is responsible for investigating illegal discharges, which are typically more complex and require collaboration with other sections within the WSC as well as coordination with the police. In 2024, the DPU Compliance Unit continued its efforts by performing surprise compliance inspections across various types of premises. The unit also prioritized inspections related to Planning Authority (PA) compliance clearance, aiming to prevent illegal connections between rainwater systems and the wastewater collection network in newly constructed buildings. Building on the previous years' work, in all of 2024, a total of 396 compliance inspections & investigations were performed. A monthly overview of the inspections carried out can be seen in Table 5.

Month	Inspections						Enforcement				Permits		
	Total	Permitting	Sampling	Compliance	PA related Clearance	Investigations/ Other	NTC Issued	Closed Compliant	Closed Non-compliant	Legal Letters sent	Total	Industry	Catering
Jan 24	414	354	47	0	38	23	10	5	0	0	111	111	145
Feb 24	448	397	49	9	33	9	19	5	0	0	77	77	154
Mar 24	400	367	44	0	30	3	13	7	0	0	87	87	161
Apr 24	495	458	40	0	29	8	20	4	7	0	125	125	213
May 24	510	460	37	7	41	2	23	4	3	5	101	101	182
Jun 24	436	375	27	5	39	17	13	10	3	3	112	112	183
Jul 24	401	338	25	0	41	22	20	13	19	15	44	44	147
Aug 24	314	267	36	4	27	16	12	7	2	0	52	52	95
Sep 24	399	333	51	9	38	19	32	29	0	0	57	57	141
Oct 24	634	526	63	41	50	20	14	16	4	4	115	115	97
Nov 24	536	388	139	90	49	12	38	21	5	6	100	100	143
Dec 24	349	247	59	72	22	8	27	36	1	0	75	75	111
2024 Totals	5336	4510	617	237	437	159	241	157	44	33	1056	1056	1772

Table 5

Permits

During 2024 the DPU issued 2828 discharge permits (an increase of 252 over 2023) as shown in Table 5.

Over the past year, the Discharge Permit Unit continued to strengthen its internal operations, ensuring that the compliance levels achieved by permitted entities meet the highest standards. Additionally, by the end of 2024, the number of entities holding valid permits increased by 287 compared to 2023, bringing the total to 2,811.

Fig. 45 shows a timeline of the increase in the number of entities covered by a permit since June 2014.

Fig. 53 Timeline of the increase in the number of entities covered by a permit since June 2014

DPU Performance June 2014 - December 2024



Enforcement

As part of the changes implemented in late 2023, the Notice to Comply (NTC) and legal letters were introduced. In 2024, a total of 241 NTCs were issued, of which 83% have been closed. Of those closed, 78% of the cases had the issue identified by our inspectors resolved. For most of the remaining cases, a legal letter was sent to further escalate the matter. In total, 33 legal letters were sent in 2024.

Enforcement tools - Monitoring Stations & RTIPs

Due to the complexity of the wastewater matrix, the DPU has invested in a network of 39 state-of-the-art wastewater monitoring stations located strategically in major pumping stations, industrial zones and wastewater treatment plants in Malta and Gozo. The DPU continuously monitors these stations and makes necessary investigations to curb any illegalities being perpetrated. The DPU is also committed to continuing to expand these stations' capabilities so that more information can be obtained.



Fig. 54 Monitoring station

A subset of these stations (7 out of 39) will be dedicated to monitoring bowser discharges. These specialised stations called Road Tanker Influent Points (RTIPs) have been constructed specifically for this task. Access to these stations is restricted to ERA-registered wastewater carriers through a controlled vehicular access system. These specialized monitoring stations are equipped with refrigerated automatic samplers and are designed to monitor discharges from waste carriers. This setup will assist the DPU in investigating any suspicious discharges and in easily identifying the sources of these wastewater releases.



Fig. 55 Ta' Qali RTIP

PA Clearances & Reduction of rainwater discharge to sewer

During 2024, the DPU continued with its efforts in relation to inspections required for PA-compliance clearances. These inspections have been targeting buildings applying for WSC's clearance as part of the PA permitting process. These inspections focused principally on the rainwater and foul water connections to confirm that there is no rainwater being diverted to sewer.

Rainwater discharges into sewer are a massive problem for the WSC given the huge impact on the wastewater network, inconveniences caused to the public when manholes overflow and also severe impact to the wastewater treatment plants operations. As part of this increased awareness, during 2024, the WSC carried out **437** PA-related inspections and issued **832** clearances in total.

DPU: Investments, upgrades and plans (2024)

In 2024, the Discharge Permitting Unit worked on a revised version of sewer discharge regulations, which builds on the existing regulations whilst including the polluter pays principle. Engagement with various stakeholders was carried out and these regulations are expected to be launched in 2025.

Plans and specifications for mobile monitoring stations have been finalized for a tender to be published in early 2025.

WSC Laboratory (Quality Control)

WSC operates in an ISO9001 environment with a documented methodology and trained personnel to *get it right first time*. Nonetheless, continuous checking and monitoring of the various process parameters and products is not only essential but legally binding, to ensure our products are not only of good quality and to the satisfaction of our customers, but also in line with the respective laws and regulations. This quality control is done by a dedicated team of professional scientists and analysts operating in WSC Laboratory, an ISO 17025:2017 accredited laboratory, specialising on water and wastewater analysis.

In 2024, the WSC laboratory performed over 12,000 tests.

2024	Number of Samples
Tap water Village points	651
Water Reservoirs	563
Pumping Stations	521
Boreholes	1239
Reverse Osmosis	1390
Water Leakages	913
Laying of new mains	452
Internal investigations	650
Customer complaints	167
Private customers	1533
Wastewater Treatment Plants	2947
New Water Monitoring	992

Table 6

Potable Water

In 2024, the laboratory was a key function in trialling and monitoring the scaling up of various enhancements on the potable water production side. WSC embarked on a project to improve the taste of tap water, all the while continuing to ensure microbiological safety in all areas of the islands, even in summer with ambient temperatures exceeding 35°C. Sampling and analysis is carried out in various methods, be it field testing, verification/calibration of online instrumentation or analysis within the laboratory.

Water is a very good solvent and a good medium for growth of organisms. Due to this, producing water does not only entail the creation of the potable water blend (mostly reverse osmosis water from WSC's four seawater ROs, mixed with groundwater pumped from various pumping stations), but also requires ensuring the chemical and microbiological integrity of such water is safeguarded until it reaches the public's taps.

Wastewater Monitoring

WSC laboratory's wastewater monitoring programme covers the analysis of all stages of the wastewater treatment plants. Samples vary from raw wastewater to treated effluent and serve both as a process control as well as to benchmark against the Urban Wastewater Treatment Directive (UWWTD). It is important to note that the recast of the UWWTD has been approved at European Union level at the start of the year, and is currently being pushed for local transposition. This recast directive will see a drastic increase in the different parameters needed for the analysis of wastewater, in the organic chemistry fields.

With the new satellite laboratory at Ta' Barkat WWTP, lab personnel are determined to offer stronger support to the WWTPs and operational teams, to ensure efficiency in result reporting, aiding in the demanding but important task of conforming with the UWWTD. WSC's Discharge Permitting Unit, also plays an integral part as it samples wastewater from industrial outlets in order to ensure compliance with sewer discharge control regulations. These regulations are crucial to ensure compliance for the new UWWTD.

New Water

The supply of New Water (reclaimed water) is quality controlled to prevent any risks to the environment or to human and animal health. The WSC laboratory samples and analyses New Water from the 3 different treatment plants, reservoirs, and distribution points.

The results are currently compared to the *minimum requirements for water re-use regulations* (EU Regulation 2020/741), and our New Water fits in quality class A, suitable for irrigation of all food crops consumed raw where the edible part is in direct contact with reclaimed water and root crops consumed raw.

Lab: Investments, Upgrades and Plans (2024)

In 2024, the laboratory successfully completed its second scheduled surveillance visit as part of its four-year ISO17025 accreditation cycle. During the assessment, technical experts thoroughly evaluated

various components within the laboratory, including the automated equipment and instrumentation. The experts were significantly impressed with the advanced technologies and capabilities that the laboratory had implemented and demonstrated during the visit, particularly those systems undergoing the detailed technical inspections. Key automation initiatives include:

1. A *Legionella* rapid system for the reduction in testing times of 10 days to 3 days, automating this very technical process including the digital reading of results.



Fig. 56 Legionella rapid test system

2. An automated water chemistry system with the capability of analysing 7 parameters from the same vial.



Fig. 57 Automated water chemistry system

3. Setting and manning 5-days a week a satellite lab at Barkat WWTP, for improved wastewater analysis to allow for quicker and more accurate data analysis.

4. Continuous investment in LIMS software that streamlines reporting, data management, store control, worksheets, sample traceability and data tracking.



Fig. 58 LIMS software

These upgrades have yielded demonstrable improvements, with a foreseeable increase in efficiency and a significant reduction in turnaround times for priority tests. Looking ahead, we are exploring artificial intelligence and machine learning applications, incorporated within this automated equipment to enhance our predictive program, for quicker operator reporting and adaptive quality control.

Continued investment in lab automation will be a strategic priority, as we seek to optimize productivity, quality, and customer satisfaction. Overall, these automation advancements have significantly bolstered our laboratory's efficiency, reliability, and compliance with ISO 17025 standards. This investment will also ensure that more tests will be included in the laboratory's analysis portfolio, to fully satisfy most of the parameters stipulated in the DWD.

Furthermore, investment in the organic chemistry labs, will see the analysis of PFAS being analysed, to ensure that the new limits, being proposed can be achieved.

ACCREDITATION CERTIFICATE

— National Accreditation Board – Malta —



Water Services Corporation

W.S.C., Qormi Road,
Luqa, Malta

is accredited by the National Accreditation Board – Malta to undertake testing as detailed in the Scope of Accreditation bearing the above accreditation registration number, in compliance with the International Standard

EN ISO/IEC 17025:2017

“General Requirements for the Competence of Testing and Calibration Laboratories”

This Certificate Must Only Be Read in Conjunction with the Annexed Scope of Accreditation which defines the tests for which the laboratory has been accredited.

This Accreditation shall remain in force subject to continuing compliance with NAB-MALTA accreditation criteria, EN ISO/IEC17025 and any further requirements specified by the National Accreditation Board.

Certificate Number **001/24** Initial Certificate issue date **15/07/2004**
Accredited Scope **Testing (as described in Scope of Accreditation dated 27/02/2025)**

NAB-MALTA

Chairman – National Accreditation Board

Director - National Accreditation Board

NAB-MALTA is recognized by Legal Notice 306 of 2007 as the national body responsible for assessing and accrediting the competence of conformity assessment bodies in the field of calibration, testing, inspection, certification of management systems, products and personnel, and EMAS verifiers in line with EU Reg. 765(2008) Art. 4(1). NAB-MALTA is an EA-MLA signatory for testing, calibration and inspection.

This certificate remains the property of NAB-MALTA and shall be returned immediately upon request.

Organisations are subject to regular surveillance and are re-assessed every five years. To confirm the validity of this Certificate, please contact the National Accreditation Board or visit the NAB-MALTA website.



NAB-MALTA

National Accreditation Board - Malta (NAB - MALTA)
Mizzi House, 1st Floor, National Road, Blata l-Bajda, HMR9010, Malta
Tel No. (+356) 23952510
Web: www.nabmalta.org.mt - Email: info@nabmalta.org.mt

Fig. 59 The WSC lab is compliant with ISO 17025 standards

CORPORATE STRATEGY

Following a mid-year restructuring, a new Corporate Strategy directorate was established to focus on the Corporation's strategy, horizontal affairs, reporting obligations and administration of allocated EU Funds.

The primary role of this directorate is to ensure all efforts are aimed at achieving the Corporation's ultimate vision – that is, to future-proof all our operations at a better quality whilst maximising the available resources. The four-year 2024-2027 WSC Business Plan, launched in 2024, is being monitored closely to ensure timely completion. The latter also encompasses all the projects earmarked for funding under the EU 2021-2027 Programming Period.



National Investment Plan

The Water Services Corporation is embarking on a €377 million investment spread over 10 years to revolutionize Malta's water, wastewater and reclaimed water infrastructure.

Sector	2023-2033 EUR M
water	132
wastewater	185
reclaimed water	60
total	377

Fig. 60: Updated National Investment Plan CAPEX

The Minister for the Environment, Energy and Public Cleanliness, Miriam Dalli and Water Services Corporation CEO Karl Cilia launched the 2023-2033 National Investment Plan for the Water and Wastewater Sector in January 2024.

The comprehensive plan addresses critical challenges such as water scarcity, climate change, and the need for efficient wastewater management. It lays down a strategic framework for investments in water production, distribution, and wastewater treatment to meet the population's and economy's growing demands.

Aligned with EU regulations, the High-Level National Investment Plan reinforces our water infrastructure, paving the way for a greener, more efficient, and sustainable water management system. This is a commitment to our nation's health, environment, and future generations," stated Minister Dalli.

WSC CEO Karl Cilia explained that the Corporation is pivotal in managing water resources. "This plan is a testament to our proactive approach and dedication to ensuring the highest water quality and service standards. Our focus on technology and innovation will drive us towards achieving unprecedented efficiency and sustainability."

The 10-year plan aims to align Malta with European standards in water management while promoting the concept of a circular economy. This plan encourages resource recovery and the reuse of reclaimed water. Backed by the Ministry, the Corporation is seeking €118 million in EU funds to partially co-finance the plan, in addition to €10 million raised from the recently launched WSC Green Bonds.

WSC Business Plan 2024-2027

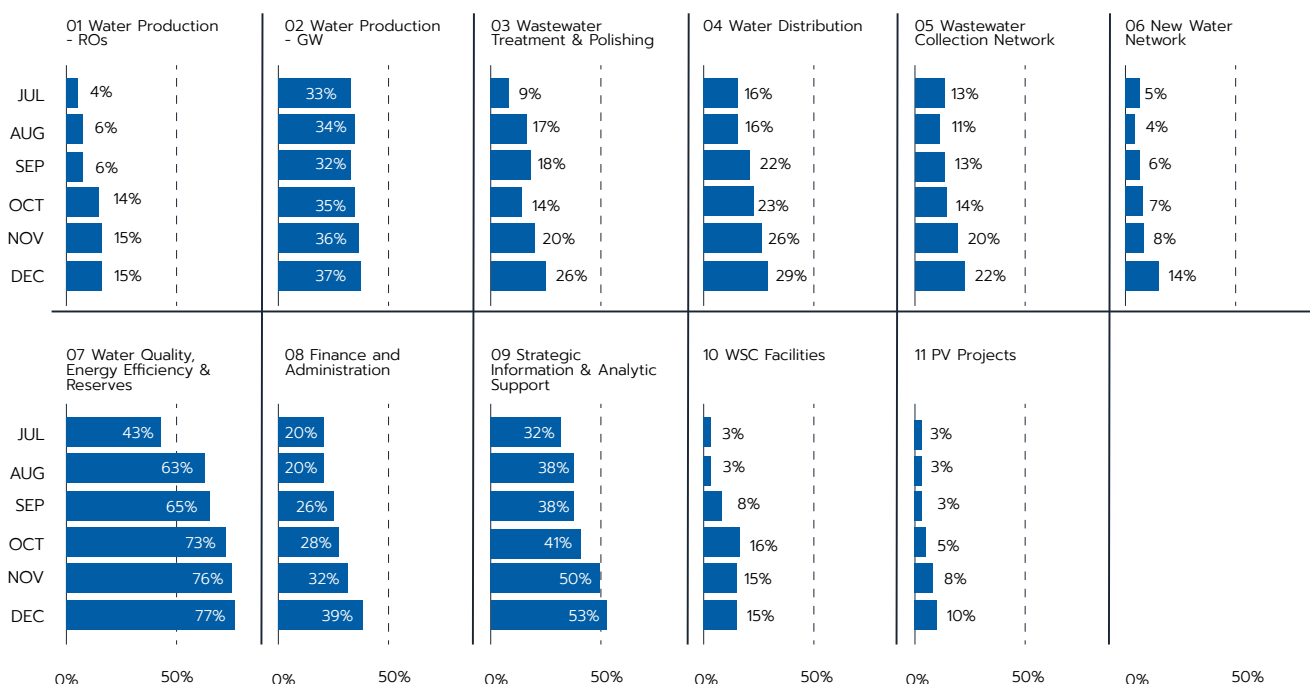


Fig 61: WSC Business Plan Monitoring PowerBI Dashboard

The Strategic Directorate’s key role is to drive the Corporation’s vision forward, an endeavour reflected in the recently compiled Business Plan covering 2023-2027 aligned with the National Investment Plan for the Water Sector 2023-2033. The plan finalised in June 2024 is the culmination of the Corporation’s directorates’ joint efforts and plans to future-proof the Corporation, embracing the following overarching objectives:

- Increase the capacity for potable water production and wastewater treatment to meet the rising demand in line with national economic growth while also reducing the specific energy consumption and costs associated with production and treatment.
- Enhance potable water quality through an extensive upgrade of the primary and distribution networks, coupled with AI-driven water blending techniques.
- Upgrade the gravity wastewater collection network and pumping infrastructure to reduce the incidence of overflows, prevent seawater infiltration, and minimise maintenance interventions.
- Expand the Corporation’s renewable energy production capacity to decrease its greenhouse gas (GHG) footprint by installing photovoltaic (PV) farms on buildings owned by the Water Services Corporation (WSC).
- Increase the capacity of the reclaimed water production facilities and extend the dedicated distribution network across the Maltese Islands to enhance availability for the agricultural community.
- Invest in human resources, research, systems, processes, and quality control mechanisms to achieve best-in-class status in water production and wastewater treatment.

The Corporation’s Business Plan, adopted in July 2024, outlines more than 170 actions and projects, with a total investment of approximately €265 million. This investment represents over 70 per cent of the total capital outlay in the National Investment Plan.

EU Funds Unit

Under the Corporate Strategy Directive, the EU Funds Unit is the corporation's administrative arm, managing all allocated EU Funds. During 2024, the following key projects were being overseen:

- CF10.998—The total Public Eligible amount granted for this project was €92.5 million, of which €91.7 million was disbursed by year-end, translating to €77.97 million (85% EU) and €13.73 (15% MT), respectively. The project's full physical closure will be largely realised in 2025.
- CF10.137—The total Public Eligible amount granted for this project was €5 million, of which €4 million were disbursed, effectively €3.4 million (85% EU) and €0.6 million (15% MT). Project implementation is now complete, and no further disbursement is anticipated.
- EAFRD M4.3 Call 1 - The total Public Eligible amount granted for this project was €21.5 million of which over €16 million was disbursed by year-end. Project implementation is ongoing, with the complete project closure targeted for June 2025.
- EAFRD M4.3 Call 2—The total Public Eligible amount granted for this project was €19.5 million, of which €2.3 million was disbursed by year-end. Project implementation is underway, and it is expected to be completed by the first quarter of 2026.

EU Matters, Reporting and Horizontal Affairs

During 2024, the Corporate Strategy Directorate closely monitored the revision process of the recast EU Urban Wastewater Treatment Directive (91/271/EC), which is earmarked for adoption in January 2025. It acted as ERA's and MEEC's focal point on technical matters impacting the WSC's wastewater treatment operations.

The Corporate Strategy Directorate plays a central role in periodically reporting to various constituted bodies, including EWA, ERA, REWS, Health and NSO. Additionally, it manages ad hoc requests related to EU and UN matters and inquiries from the Ministry and other entities as they arise.

STRATEGIC INFORMATION AND METERING





Fig. 63 3D Scanning

GIS

Water Networks Geographic Information Data

In 2024, the corporation made significant investments in RTK Rovers and deployed dedicated GIS (Geographic Information System) on-site technicians to ensure the accurate mapping of our water networks and infrastructure. This initiative, focusing on potable water, New Water, and wastewater pipe networks and their associated components, is now effectively geocoding all relevant projects, including those initiated by Infrastructure Malta and the corporation itself.

Furthermore, the GIS Section launched a groundbreaking initiative involving 3D scanning of complex pipe connections using LiDAR technology during pipe-laying projects before road reinstatement. This advanced approach will enhance the traceability of subterranean pipes and fittings, providing valuable long-term benefits for analysis and improving operational efficiency.

These efforts significantly contribute to better infrastructure management, improved decision-making, and enhanced future planning by ensuring the accuracy and accessibility of vital geospatial data.

Fig. 62 Accurate location capture of network pipes and fittings



Improving GIS Data Quality for Better Decision-Making

This initiative's key focus is enhancing attribute data quality, which is critical for supporting corporate operations and decision-making. Attribute data—including pipe materials, diameters, and water quality metrics—forms the foundation of accurate analysis and reporting. By improving the accuracy and completeness of this data, the corporation significantly strengthens its ability to assess network performance, optimize resource allocation, and make informed strategic decisions.

One of the major milestones achieved in 2024 was the successful geocoding of approximately 70% of all water valves across the Maltese Islands by the GIS team. This accomplishment has greatly improved data reliability and accessibility, enhancing our capacity to effectively manage and optimize water infrastructure.

Manhole Surveying Initiative for Enhanced Wastewater Network Data

In 2024, the Corporation initiated a comprehensive manhole surveying project as part of its ongoing effort to update the GIS wastewater network data. This project involved surveying and capturing critical information, including the precise location, invert levels, diameters, and structural condition of 1,500 selected wastewater manholes, primarily situated around high-priority coastal areas.

The data gathered from these surveys will play a pivotal role in re-designing and optimising the wastewater network, helping to meet growing demands, evaluate network capacity, and assess maintenance needs. Additionally, the survey will inform potential improvements to the infrastructure, ensuring it remains robust and efficient in the face of future challenges.



Fig. 64

Upgrading GIS Infrastructure for Enhanced Performance and Integration

In 2024, the SI Directorate successfully upgraded its GIS servers and geodatabases to the latest technology and software versions. This upgrade enhances data processing capabilities, storage efficiency, and overall system performance, ensuring the smooth handling of large and complex geospatial datasets.

The modernization not only enables seamless integration of high-precision spatial data but also improves data accessibility for analysis. It is critical in supporting more efficient decision-making in water network management, particularly where other applications across the Corporation use GIS data.

This upgraded infrastructure further strengthens the Corporation’s ability to plan, monitor, and maintain critical water infrastructure, facilitating more effective management and strategic planning.

Metering

Addressing Non-Revenue Water (NRW) and Enhancing Metering Practices

The apparent losses associated with Non-Revenue Water (NRW) are caused by water misuse, meter under-registration, and billing discrepancies. In 2024, the Water Services Corporation (WSC) launched a comprehensive overhaul of its installation practices, focusing on improving the Key Performance Indicators (KPIs) for our technicians. Each technician was assigned specific, role-based objectives to standardize tasks and responsibilities, leading to a notable improvement in our KPIs.

Concurrently, the metering team is working closely with the SI Directorate to prioritize strategically

replacing meters that significantly impact performance. This approach goes beyond simply replacing older meters, ensuring a thorough evaluation of each meter’s performance. Additionally, a dedicated back-office team well-versed in billing procedures ensures billing accuracy.

In 2024, we successfully secured a three-year tender to replenish necessary materials and facilitate replacements, enabling us to implement a long-term strategy while maintaining consistent KPIs for installers throughout the year.

Automated Meter Management (AMM) has become the cornerstone of the revenue assurance department within this directorate. The well-functioning AMM system allows for remote data collection, ensuring accurate readings directly translating into correct billing and prompt invoice issuance.

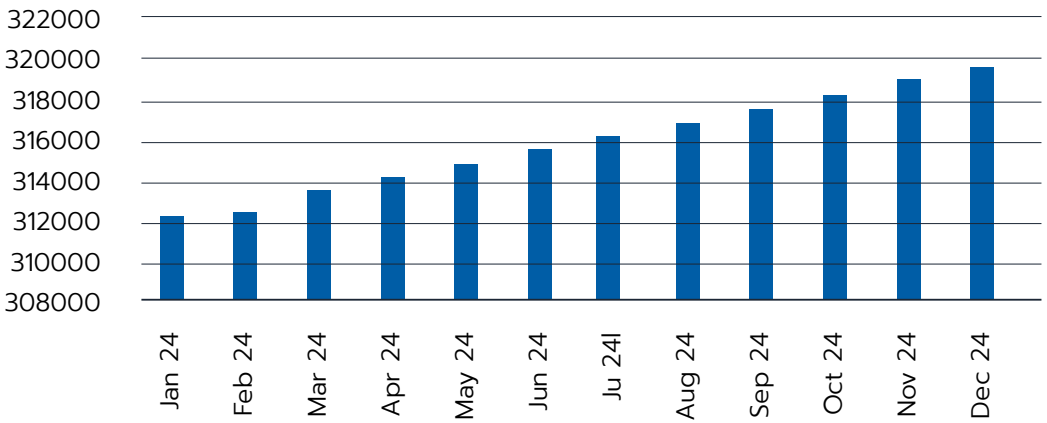
The rollout of the AMM system is progressing steadily, as seen in the graph below, with a nearly 3.65% increase in our customer base over the past year. A key milestone was the installation of AMM modules across the entire meter population. Currently, 97.5% of meters are equipped with AMM modules, with the remaining meters located in hard-to-access areas, such as uninhabited or seldom-used premises.

Additionally, implementing second-generation (2G) modules has significantly improved reception in areas with weak signals. These new modules can automatically adjust modulation settings to optimize signal penetration and maintain a connection to the nearest antennas. As a result, we achieved a record 97.78% installation this year.

While the implementation process has been swift, we have ensured that quality control remains a top priority. Even small errors during the implementation phase can lead to billing issues. The BUPF (Billing Uncertainty and Pending Files), which tracks such discrepancies, is closely monitored and remains well under control.

Fig. 65 Active Meters and Active Modules - 2024

Active Meters



Active Modules

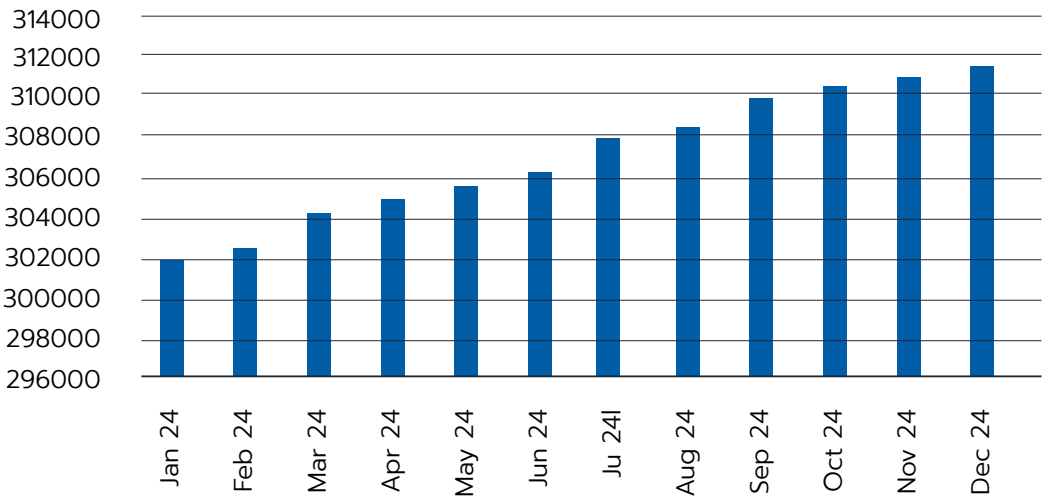
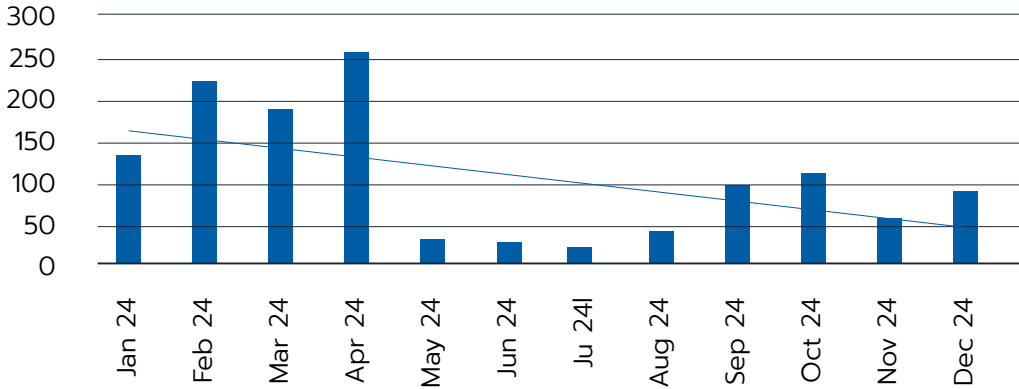


Fig. 66 BUPFs/month - 2024

BUPFs per month



Ensuring Accurate Metering through Strategic Replacements

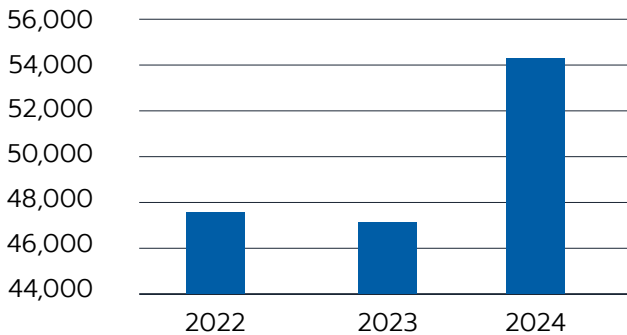
Replacing meters is essential for maintaining a relatively young meter population is critical for minimizing under-registration. Over time, as meters age, their sensitivity can significantly decrease due to wear and tear. Additionally, the combination of roof tanks and low consumption patterns typical in the local population further complicates accurate measurement, often resulting in decreased precision in capturing actual water consumption levels.

With the current meter population reaching a record high of 318,000 meters, we aim to replace these meters every eight years to ensure optimal reading accuracy. This strategy requires the annual replacement of 36,500 meters. However, it's important to note that not all meters are actively used at any given time.

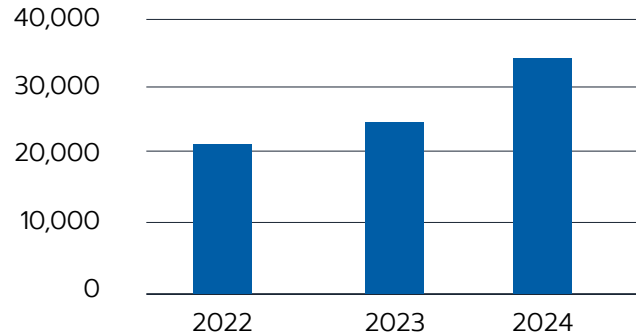
As shown in the graph below, our progress in meter replacements has been substantial. In 2024, we successfully replaced 34,000 meters, marking a 35.5% increase compared to the previous year. Furthermore, there was a notable 14.5% increase in the number of jobs performed by our installers, underscoring the efficiency and dedication of our team in driving this important initiative.

Fig. 67 Total number of job and total number of meters replace - 2024

Total No. of Jobs



Total No. of Meters Replaced



Other Enhancement and Operational Efficiency

Power BI Dashboard Implementation: In 2024, we launched a new Power BI dashboard, enabling real-time tracking of scrap materials. This enhancement has improved our visibility and decision-making capabilities, allowing for more efficient management of resources.

WOM Optimization: With the support of the SI Directorate, we optimized the WOM system, improving accessibility and enhancing the overall user experience for our back-office staff. This upgrade has streamlined internal processes, contributing to better service delivery.

Dedicated Heavy Consumer Team: We established a specialized team focused on the top 2,000 heavy consumer accounts. This team ensures timely meter replacement and swiftly addresses issues such as device slowdowns or failures, helping us maintain high service standards.

NB-IoT Technology Pre-Market Consultation: As part of our forward-thinking approach, we conducted a pre-market consultation to explore integrating NB-IoT technology into our water meters. This technology is expected to improve functionality, particularly in borehole applications or areas with weak reception despite the implementation of 2G modulation, ultimately enhancing our operational capabilities.

Installer Training and Development Program: We continued to invest in our installers' ongoing training and development by implementing a comprehensive yearly training program. This initiative supports our commitment to delivering high-quality service and ensures that our workforce remains well-equipped to meet the industry's demands.

Optimal Stock Management: Throughout 2024, we successfully maintained optimal stock levels, ensuring smooth operations without disruptions. This achievement reflects our commitment to efficiency and effective resource management.

Software Development

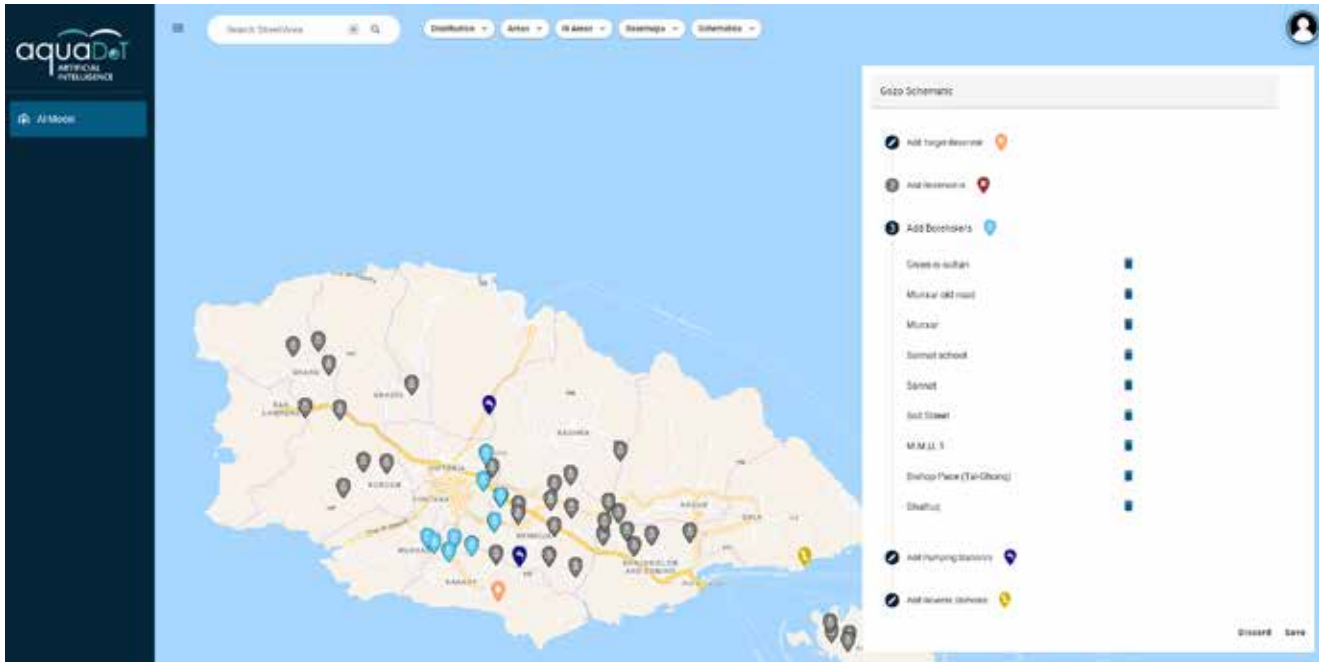
Artificial Intelligence for Water Production-Quality Optimisation

As part of our ongoing commitment to innovation and efficiency, the corporation has integrated Artificial Intelligence (AI) into water resource management. This initiative leverages GIS, SCADA, and other parametric data within a proprietary AI model to optimize water pump efficiency, reduce production costs, and maintain optimal water quality.

The AI model continuously evaluates critical water quality parameters, including chloride and nitrate concentrations in the water blend and reservoir volume levels. The system enables data-driven decision-making by analysing these factors, ensuring water resources are utilized efficiently to meet demand at the lowest possible cost while adhering to stringent quality standards.

This AI-driven approach enhances operational sustainability, reduces environmental impact, and reinforces our commitment to delivering high-quality water efficiently and cost-effectively.

Fig. 68 AI is being used for Water Production-Quality Optimisation



Model Run Results

Result Confidence: 95.68%

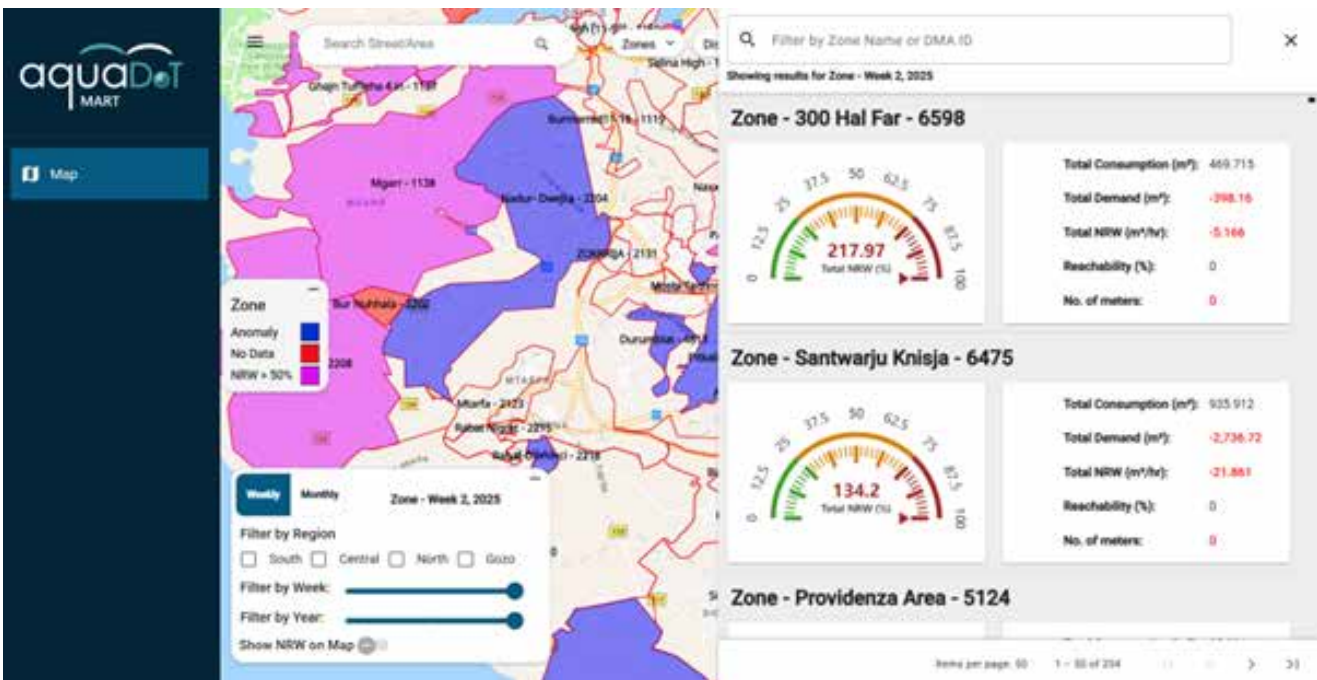
Boreholes		Pumping Stations			Reservoirs	
Object Id	Source	Production/day (m ³ /day)	Production/hour (m ³ /hr)	Difference (m ³ /day)	Specific Energy (KwH/m ³)	Total Head
125	Agricultural School	61.60	2.57	↓ 71.69	0.87	157.23
205	Barnil 1	93.88	3.91	↓ 98.69	0.93	167.11
215	Beccuna	170.94	7.12	↑ 55.01	0.66	155.44
220	Bishop Face (Tal-Ghonz)	179.42	7.48	↑ 47.25	0.67	157.64
193	Bordin	143.63	5.98	↓ 23.82	0.66	155.49
172	Bong Gharib 1	87.56	3.65	—	0.87	157.03
173	Gharb road	108.53	4.52	↓ 5.60	0.91	164.34
192	Ghattuq	62.35	2.60	↓ 20.26	0.68	160.51
200	Gnien is-sultan	113.66	4.74	↑ 17.79	0.62	146.20
195	Gorgun	83.68	3.49	↓ 98.49	0.67	158.04
222	Harriet 1	51.79	2.16	↓ 48.68	0.72	169.24
199	Isolation hospital	0.00	0.00	—	0.00	0.00

Configuration Settings



Schematics	Boreholes	Pumping Stations	Reverse Osmosis	Target Reservoir
Agricultural School ☑ ⚙				
Flow (m ³ /day)* 101	Nitrates (mg/l)* 80	Conductivity (S/m)* 4689	Factor* 3.8	Chlorides (mg/l) 1233.95
Barmil 1 ☑ ⚙				
Flow (m ³ /day)* 108	Nitrates (mg/l)* 34	Conductivity (S/m)* 2480	Factor* 3.8	Chlorides (mg/l) 652.63
Beccuna ☑ ⚙				
Flow (m ³ /day)* 137	Nitrates (mg/l)* 32	Conductivity (S/m)* 2770	Factor* 3.8	Chlorides (mg/l) 728.95
Bishop Pace (Tal-Ghong) ☐ ⚙				
Flow (m ³ /day)* 240	Nitrates (mg/l)* 103	Conductivity (S/m)* 4180	Factor* 3.8	Chlorides (mg/l) 1100
Bordin ☑ ⚙				

Close Save



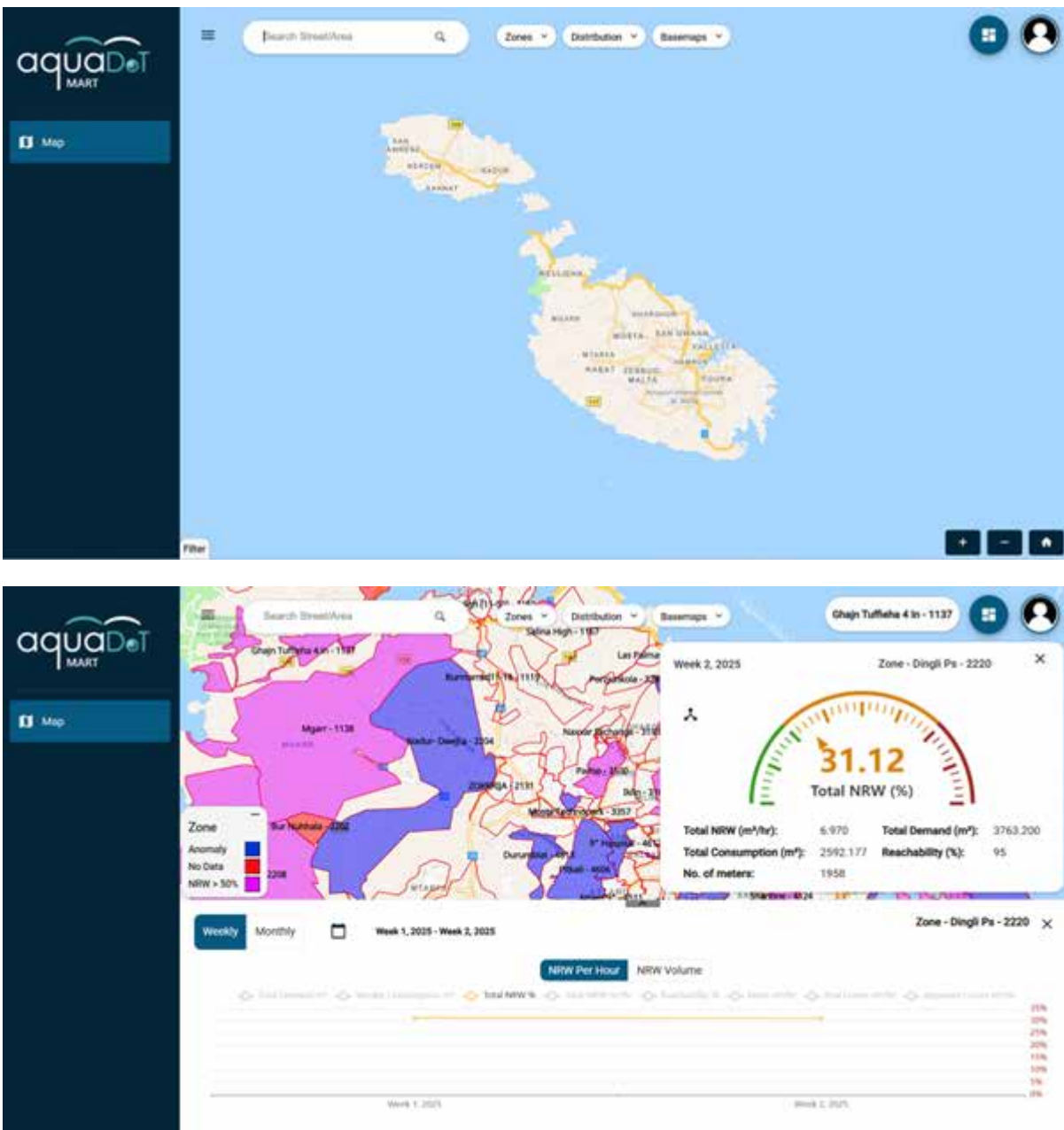
MART

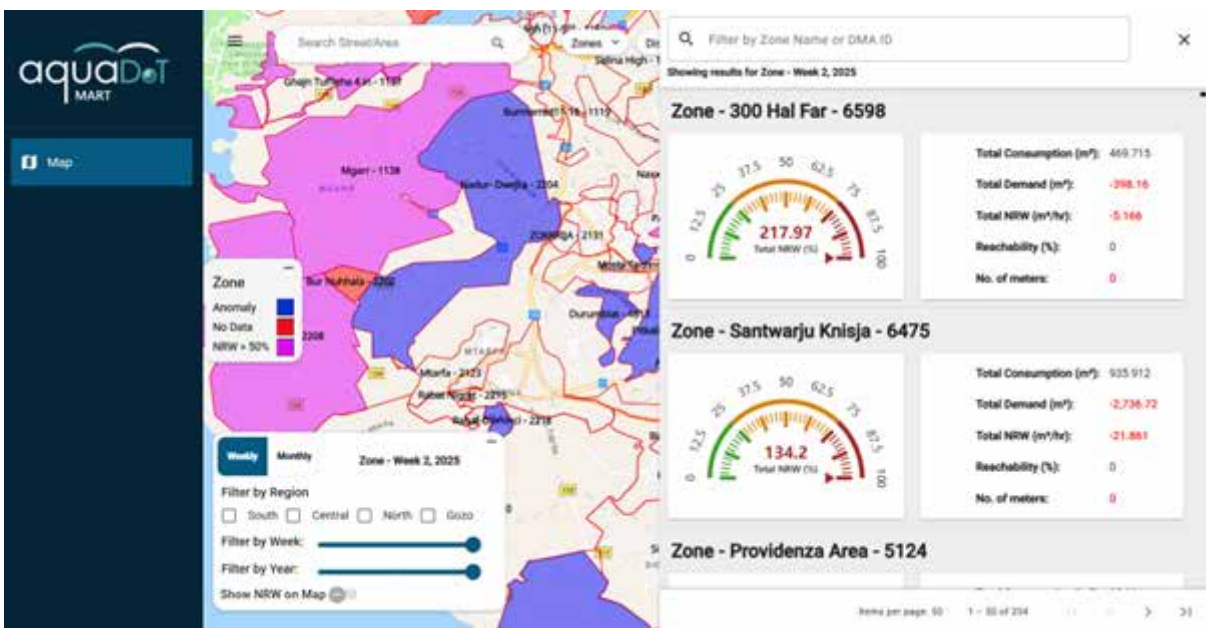
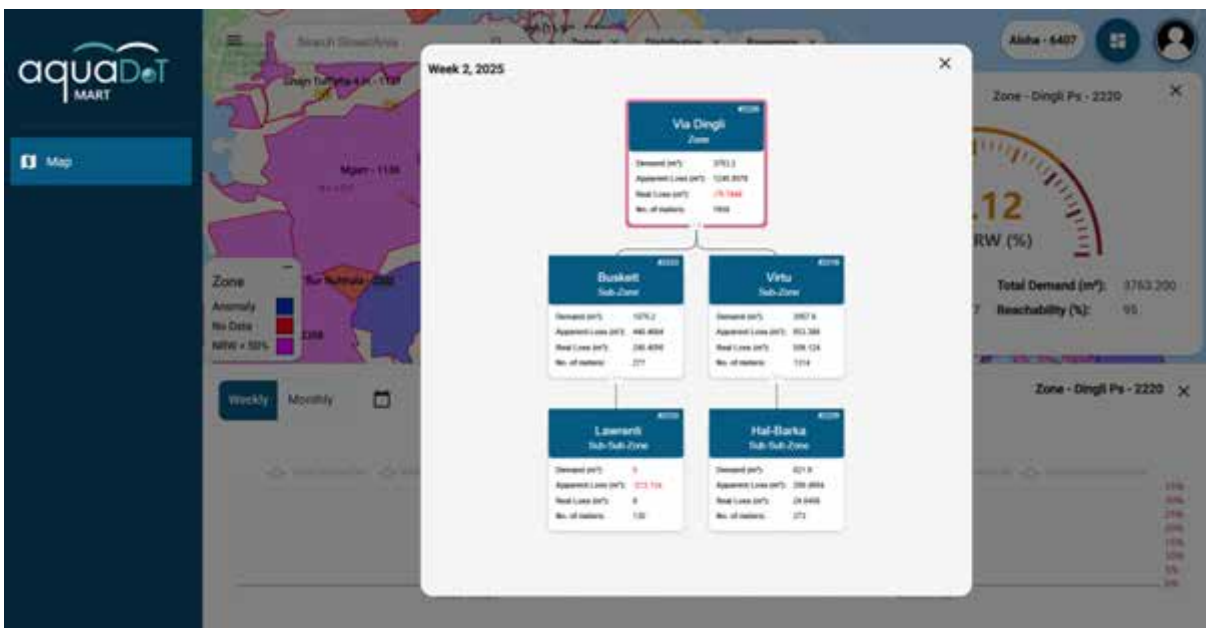
Non-revenue water (NRW) remains a critical focus for the corporation, as it represents water produced at a cost but not billed, directly affecting financial sustainability. To strengthen NRW monitoring and management, the corporation successfully implemented MART, an advanced in-house developed solution.

MART provides comprehensive visualization and analytical capabilities, allowing users to monitor NRW trends through interactive reports and geographic mapping. The system enables data filtering by week, month, or year, with options for custom date ranges to facilitate detailed analysis. Additionally, its ability to generate in-depth charts delivers valuable insights into specific areas, supporting data-driven decision-making.

By leveraging MART's advanced functionalities, the Corporation has enhanced operational efficiency and enabled targeted interventions to reduce water losses. This initiative underscores our commitment to improving resource management and ensuring long-term financial and environmental sustainability.

Fig. 69 MART is being used to strengthen NRW monitoring and management





Network Infrastructure

Firewall Technology Refresh

In 2024, a major milestone was achieved by successfully migrating the Head Office (HO) and remote satellite offices from Check Point firewalls to FortiGate appliances. This transition introduced several advanced technologies and enhancements, including:

Enhanced Performance: The upgraded FortiGate firewalls significantly improved processing speed and throughput, ensuring smoother and more efficient operations.

SD-WAN Implementation: The deployment of Software-Defined Wide Area Network (SD-WAN) transformed connectivity across satellite offices by leveraging multiple WAN links, providing:

- **Increased Resilience:** SD-WAN automatically switches between available links, ensuring uninterrupted connectivity even in a link failure.
- **Optimized Network Performance:** By intelligently routing traffic across multiple links, SD-WAN enhances network quality for end users. Additionally, routing traffic through local internet connections instead of point-to-point links to the head office reduced latency by an estimated 30% to 60%, improving access to internet-based resources.

Cost Efficiency: Replacing expensive point-to-point links with basic internet connections reduced connectivity expenses by an estimated 40%, significantly lowering operational costs.

This modernization resolved previous performance limitations and strengthened the infrastructure to support future scalability and evolving connectivity needs.

Secondary VPN for End Users

In 2024, a secondary VPN solution was implemented for end users, enabling a direct connection to our Azure cloud environment. This solution provides:

Enhanced Redundancy: In an on-premises data centre failure, users can seamlessly access critical systems hosted in Azure via the secondary VPN.

Improved Business Continuity: Ensures uninterrupted access to essential resources, minimizing operational disruptions during outages.

Optimized Azure Integration: Utilizes Azure's robust infrastructure to enhance reliability and resilience for remote users.

This implementation strengthens system availability and ensures a more resilient remote access solution.

Vulnerability Management Tool

In 2024, WSC implemented Holm Security's comprehensive vulnerability management tool as part of our ongoing commitment to strengthening cybersecurity. Previously, vulnerabilities were identified manually, leaving many critical issues unaddressed. This new solution has significantly improved our security posture by introducing automation, enhanced detection, and proactive risk management.

Key Benefits and Impact:

Enhanced Detection and Coverage: Implementing Holm Security has greatly improved our ability to detect and manage vulnerabilities across various assets, including servers, IoT, and OT devices. With its automated, continuous scanning capabilities, we now have a more comprehensive and accurate view of our security landscape.

Early Progress and Risk Reduction: Within the first few months, approximately 6% of identified vulnerabilities were successfully remediated, marking significant early progress in risk reduction. As a result, our overall risk score has improved by an estimated 8%, demonstrating the tool's effectiveness in strengthening our security defences.

Risk-Based Prioritization: Holm Security's triaging system automatically classifies vulnerabilities based on severity, exploitability, and potential impact. This prioritization enables our team to focus on addressing the most critical threats first, ensuring efficient and effective risk mitigation.

Phishing Prevention and Security Awareness: Beyond vulnerability management, the tool provides phishing simulations and security awareness training. These features have been instrumental in educating employees about emerging threats, reinforcing best security practices, and minimizing human-related security risks.

By integrating Holm Security's solution, WSC has significantly enhanced its ability to proactively identify, prioritize, and mitigate security threats, ensuring a more resilient cybersecurity framework.

Business Intelligence

Successful Migration to SAP S/4HANA: A Key Milestone in Our Digital Transformation

In 2024, the Water Services Corporation successfully migrated from SAP R/3 to the latest SAP S/4HANA platform, marking a major milestone in our digital transformation journey. This upgrade aimed to streamline core business operations and deliver key system enhancements, providing a solid foundation for sustained growth and improved efficiency.

Key Gains from the Migration:

Real-Time Performance: Significant system responsiveness improvements, faster transaction processing, and streamlined operations.

Simplified IT Landscape: Reduced system complexity and eliminated data redundancies, resulting in enhanced efficiency and easier maintenance.

Enhanced Financial Operations: Faster financial closings and improved reconciliation processes, contributing to more timely and accurate financial reporting.

Optimized Supply Chain: Improved inventory tracking and production planning, ensuring greater operational agility and reliability.

Integrated Business Functions: Strengthened interdepartmental collaboration through seamless integration, improving end-to-end processes.

Scalable Infrastructure: A future-ready system supporting emerging technologies, such as Robot Process Automation (RPA), ensuring adaptability as the organization grows.

Lower Total Cost of Ownership (TCO): By leveraging cloud services, the corporation achieved significant cost savings, reducing infrastructure, maintenance, and operational expenses.

This successful migration has positioned the Water Services Corporation for long-term digital success, offering enhanced operational efficiency, cost optimization, and the flexibility to embrace future technological advancements.

Fig. 70 In 2024 WSC successfully migrated from SAP R/3 to the latest SAP S/4HANA platform



Finance Automation Pilot: Advancing Efficiency through Automation

In 2024, the Corporation successfully completed a pilot project to automate the purchase order processing workflow. This initiative resulted in the automation of 18,000 steps within the purchasing process, significantly boosting operational efficiency and reducing manual effort. By leveraging Microsoft's automation solutions, we improved accuracy, minimized errors, and freed up valuable time for more strategic, high-value tasks.

Building on the success of this pilot, we have begun a comprehensive analysis to explore further opportunities for integrating Robotic Process Automation (RPA) across various departments. The goal is to identify key areas where automation can deliver tangible benefits, including cost reduction, time savings, and enhanced process reliability.

By focusing on scalable automation solutions, we aim to drive sustainable improvements across the organization in the coming years, further enhancing productivity and efficiency.

This pilot project has laid a strong foundation for the continued expansion of automation initiatives, aligning with our broader digital transformation strategy and positioning us for future success.

Fig. 71 Pilot project aimed at automating the purchase order processing workflow



PROJECTS AND BUILDING MANAGEMENT SERVICES



BMS

The Building Management Services (BMS) unit within WSC was established in 2024 to centralize and enhance various sections related to facility management and civil and architectural project design. This restructuring is a testament to WSC's commitment to a long-term strategy to rehabilitate its extensive portfolio of properties, which are crucial for the corporation's continuous and efficient operation. By integrating key disciplines under one unit, WSC ensures a more streamlined and coordinated approach to property maintenance, infrastructure improvements, and project execution.

A significant milestone within this unit has been the establishment of the Architectural and Civil Design Office, which brings together a team of specialized professionals in architectural and structural design. This in-house expertise has enabled WSC to initiate and lead several ambitious flagship projects, including the regeneration of the Gżira Wastewater Pumping Station, the development of the Interpretation Centre at Ta' Kandja, and the extension of WSC's Head Office in Luqa. These projects underscore the value of having a dedicated architectural team, as their work drives major infrastructural advancements and contributes significantly to various other initiatives within WSC.

Fig. 72 A rendered visualisation of the Gżira Wastewater Pumping Station once refurbishment is complete



To complement these efforts, the BMS's Civil Works and Carpentry sections play a vital role in addressing immediate operational and maintenance needs. By maintaining an in-house team of skilled labourers, WSC can respond to infrastructure challenges, reducing total dependency on external contractors and minimizing potential delays.

In its early operational phase, BMS prioritized launching a civil and finishing works framework agreement, an initiative that had been long overdue. This framework is designed to engage contractors specifically for project-based work, ensuring that maintenance and operational requirements are met promptly without the prolonged timelines typically associated with standard tendering procedures. The framework is scheduled to become fully operational by mid-Q2 2025 and will focus on addressing priority infrastructure needs efficiently.

Fig. 73 Ongoing upgrades include the refurbishment of a number of WSC facilities



Security remains a top priority for WSC, particularly given that its infrastructure is a fundamental component of National Critical Infrastructure. In 2024, WSC took a significant step toward enhancing security resilience by engaging Shield Security Consultants Ltd, a firm renowned for its expertise in Security Risk Management. Shield Security Consultants Ltd has been tasked with assessing WSC's critical infrastructure and proposing comprehensive security resilience strategies. Implementing these strategies will strengthen WSC's overall security framework, ensuring robust protection of its assets and operations.

Another essential aspect of facility management is the daily upkeep and cleanliness of WSC properties. WSC has reinforced its commitment to maintaining high standards of hygiene and workplace conditions. Daily cleaning routines ensure that office spaces and operational sites remain in optimal condition, contributing to a more productive and professional working environment.

Fig. 74 The wastewater vent in Triq San Mark, Valletta, was restored



Additionally, landscaping and the upkeep of external areas adjoining WSC facilities have been identified as key focus areas. With the launch of a reservoir maintenance tender in 2024, significant improvements have already been observed in the overall appearance and condition of WSC reservoirs. This initiative was essential in addressing the dilapidated state of many critical water storage sites. As part of an ongoing strategy, WSC has also introduced a continuous landscaping maintenance program to preserve and enhance these vital sites' aesthetic and functional aspects. This is just the beginning of a more intensive effort to implement enhanced landscaping models that will further elevate the upkeep of WSC's infrastructure.

Projects

WSC is committed to maintaining, reinforcing and extending its infrastructure, ultimately aiming to provide a better service to its customers and the general public. This is done through the various projects undertaken by WSC throughout the year and through collaboration projects with other entities, particularly Infrastructure Malta.

The following table represents the lengths of pipes laid during 2024 and the relative cost:

	Km of pipes laid	Cost
Potable water	72.6	€9 million
New Water	6.06	€6.6 million
Wastewater	9.5	€9.47 million
Groundwater	0.29	€0.44 million
Total	88.45	€25.5 million

Table 7

Other Projects initiated during 2024 and which are ongoing include the regeneration of several pumping stations, the replacement of the roof and supporting structural elements of the Naxxar Reservoir, the lining of the main sewer at Xemxija, the construction of a blower room at Barkat, the roof replacement and general refurbishment of the ancillary building at the Misraħ Lewża reservoir at San Gwann as well as a number of other upgrades and refurbishments of various WSC owned facilities.

Fig. 75 Naxxar Reservoir's roof and supporting structure are being replaced



COMMUNICATIONS AND TRAINING



Customer Service Excellence

Our commitment to exceptional customer service yielded remarkable results in 2024, with consistently high customer satisfaction rates throughout the year. Our dedicated approach to customer care was delivered through multiple channels, including our freephone service, live chat, social media platforms, and the successful implementation of our WhatsApp support service

Our customer service centre maintained extended accessibility, operating weekdays (7 AM–8:30 PM), Saturdays (7 AM–2 PM), and Sundays (8 AM–12 PM), ensuring consistent support for our customers.

2024 saw significant advancement in our digital customer service capabilities with the implementation of our comprehensive omnichannel system. This integration has streamlined our customer interaction processes, making it significantly easier for customers to report issues and receive support through their preferred communication channels. The system handled:

- 61,356 telephone calls
- 41,204 email inquiries
- 1,650 website live chat interactions
- 977 Facebook interactions
- Additional automated interactions through our new chatbot system

The introduction of automated call handling has enhanced our service efficiency, reducing wait times and simplifying common procedures for our customers. This automation, coupled with our in-house CRM system and Tidio Chatbot with AI capabilities, has created a more responsive and efficient customer service ecosystem.

2024 saw satisfaction levels of 81.5% (4-5 star ratings) with an average score of 4.22 out of 5.

Our Customer Care Department's achievements in 2024 have laid a strong foundation for future developments, with plans for further enhancement of our digital services and customer engagement strategies.

Communications

Our communications strategy focused on keeping the community informed about major infrastructure projects and environmental initiatives. Communications Department

Throughout 2024, the Communications Department played a pivotal role in maintaining transparent and effective dialogue between the Water Services Corporation and its stakeholders, while expanding its digital presence and modernizing its historical archives.

Digital Communications and Social Media

The department significantly enhanced its digital footprint across all major social media platforms, ensuring comprehensive coverage of WSC's activities and achievements. A notable milestone was the successful launch of our TikTok channel, which has become an innovative platform for:

- Educational content about water conservation and management
- Behind-the-scenes looks at our infrastructure projects
- Employee spotlight series showcasing our workforce's expertise
- Quick tips and updates about ongoing works
- Engaging explanations of water-related processes

The integration of multiple social media platforms (Facebook, Instagram, LinkedIn, and TikTok) has enabled us to reach diverse audience segments, ensuring our message reaches all demographics within our community.

Public Relations and Project Communications

In 2024, the department managed comprehensive communication campaigns for several major initiatives:

- Regular updates on the €310 million infrastructure investment program
- Communication of achievements in water production (38.8 million cubic meters)
- Updates on the successful Green Bonds initiative and its dedicated tracking website
- Coverage of renewable energy implementations and sustainability projects
- Regular notifications about infrastructure works and service improvements

Events and Community Engagement

The department organized and coordinated numerous events throughout 2024, including:

- Technical seminars for industry professionals
- Community awareness programs
- Educational institution visits
- Media tours of our facilities
- Stakeholder consultation meetings

Press and Media Relations

Our media relations activities in 2024 included:

- Regular press releases on corporate achievements and milestones
- Media briefings on major projects and initiatives
- Feature articles in local and international publications
- Coordination of television and radio appearances



Heritage Preservation Initiative

A significant achievement in 2024 was the final phase of the WSC Library Digitization Project. This comprehensive initiative involved:

- Digital preservation of historical water infrastructure maps
- Conversion of legacy technical drawings to accessible digital formats
- Creation of a searchable database of historical documents
- Conservation of valuable historical records
- Implementation of a modern document management system

The digitization project not only preserves our rich historical documentation but also provides easier access to valuable technical information for our engineering and technical teams.

Customer Communications

The department maintained consistent communication with our customer base through:

- Regular service updates
- Information about ongoing infrastructure works
- Updates about service improvements
- Emergency notifications when required

Looking ahead, the Communications Department continues to evolve its strategies to meet the changing needs of our stakeholders while maintaining transparency and accessibility in all our communications efforts.

Quality Assurance and Management Systems

In 2024, a total of 28 internal audits were conducted across WSC operations, resulting in 22 non-conformances. Internal audits are an important tool for continuous monitoring and improvement of internal processes. They ensure alignment with the requirements of ISO 9001 and ISO 14001 standards, as well as local legislation and operational permits.

Managing documentation remained a key pillar of quality assurance, with 242 new or revised controlled documents registered during the year. Maintaining an up-to-date documentation system ensures that procedures reflect current operations and facilitates standard provision of service.

Targeted training in emergency preparedness was also delivered to 37 employees at WSC sites accredited under ISO 14001. This training contributed to a more informed and responsive workforce, capable of managing environmental risks effectively.

Collectively, these initiatives strengthened WSC's integrated management system, leading to a successful ISO re-certification audit conducted in May 2024 by SGS Italia. The audit concluded with zero non-conformities and six observations and opportunities for improvement, demonstrating WSC's ongoing commitment to quality and environmental excellence.

Training and Development

WSC continues to invest significantly in the training and development of its workforce, ensuring compliance with legal requirements, particularly in the areas of licensing and health and safety. In 2024, the Training and Development (T&D) team coordinated 29 internal courses, delivering 4,357 hours of training to 862 employees.

In addition, an investment of €30,500 was allocated to external training initiatives, including courses of EQF levels 4, 5 and 6. These sponsorships enabled professional development and improvement of employee competence across the organisation.

This year also marked the introduction of a new digital learning tool through the Moodle Learning Management System (LMS). The LMS enables on-demand access to training resources and represents a step forward in flexible training delivery to minimise impact on operational hours. Further expansion of this platform's use within WSC is planned for the coming year.

CONSOLIDATED FINANCIAL STATEMENTS



Directors' report

The Directors present their report and the audited financial statements of the consolidated entity, being Water Services Corporation (the "Corporation") and its controlled entity (the "Group") for the year ended 31 December 2024.

Principal activities

The Water Services Corporation is a body corporate established in Malta by Virtue of the Water Services Corporation Act (Cap. 355) of the Laws of Malta, which same Act specifies the activities and responsibilities of the Corporation. The Corporation's principal activities, which are unchanged since last reporting year end, are to act as the sole and exclusive entity to acquire, produce, distribute, and sell water for domestic, industrial, and commercial use. The Corporation is also responsible for the treatment and disposal or re-use of sewage and wastewater.

Review of the business

The Corporation remains steadfast in its commitment to achieving sustainable financial growth through enhanced efficiency and improved service quality. The strategic initiatives pursued during the year translated into a standout performance, marked by consolidation and substantial growth, culminating in exceptional financial results for the reporting period.

For the financial year ending 31 December 2024, the Corporation reported a profit before tax of €20.9 million (2023: €17.89 million), representing a notable 17% increase over the previous year. This growth in profitability was largely driven by a surge in revenue. Continued progress in billing accuracy, driven by the smart meter replacement programme, coupled with rising consumption levels, contributed to a €10.2 million increase in revenue, from €91.4 million in FY2023 to €101.6 million in FY2024, equivalent to 11% growth year-on-year for the Group, and to a €10.1 million increase in revenue, from €90.2 million in FY2023 to €100.3 million in FY2024, equivalent to 11% growth year-on-year for the Corporation. Part of this growth was also attributed to a new revenue stream launched by the Corporation linked to the treatment of farm waste, which generated €3.6 million in billed revenue by year-end.

During the same financial year, recurrent expenditure rose by 9.6% on a year-on-year basis, with total operating and administrative expenses reaching €114.2 million, up from €104.17 million in 2023. This measured increase stemmed from several significant contributors.

Foremost among these was the Corporation's continued investment in its workforce through talent retention initiatives and human capital development. Salary and wage expenses also climbed, primarily due to cost-of-living adjustments layered on top of existing collective agreements. These elements together led to a 5% rise in employee benefits, bringing the annual total to €35.8 million (2023: €34.2 million).

Operational expenditures also increased, especially in relation to sewage treatment plant maintenance, where rising sludge disposal gate fees added to financial strain. Supply chain challenges triggered an increase in raw material prices, while higher waste disposal fees elevated waste management costs to €4.3 million—representing a 72% rise over the previous year (2023: €2.5 million). Additionally, increased water production to meet higher demand drove electricity costs up by 13% year-on-year, amounting to €19.5 million (2023: €17.4 million).

In summary, although 2024 saw a calculated rise in operating and administrative costs driven by salary revisions, contractual obligations, and greater operational demands, the Corporation's strategic cost-saving efforts and improvements in billing efficiency helped to mitigate the financial impact, underscoring sound fiscal management.

Directors' report - continued

Review of the business - continued

The Corporation successfully reduced its non-current borrowings from €31.3 million as at 31 December 2023 to €19.8 million as at 31 December 2024, reflecting a 37% decrease. This occurred despite ClearFlowPlus p.l.c., the subsidiary responsible for the €25 million Green Bond issuance, advancing an additional €5.8 million from the bond proceeds. This brought the total disbursement of bond proceeds to €7.5 million, or 30% of the bond funds. These disbursements are in line with the Prospectus dated 20 July 2023 and include refinancing of Hondoq reverse osmosis plant, the implementation of a new aeration system at the Ta' Barkat sewage treatment plant, the overhaul of the non-revenue water billing algorithm, and continued investment in the Corporation's water infrastructure. Moreover, in 2025, the Corporation made notable progress on its multi-site solar energy project, which is expected to be completed by the end of 2025.

Throughout the reporting year, the Corporation sustained its momentum in capital investment, particularly in its water and wastewater infrastructure. In 2024, €63.9 million (2023: €36.8 million) was allocated toward capital expenditure, representing a 74% increase from the prior year. These investments were aimed at replacing aging and degraded pipelines to enhance the quality and reliability of water supply and treatment, ensuring that all residents across Malta benefit from consistent access to clean, safe drinking water. As a result, the Corporation's non-current assets rose to €453 million, reflecting a 11% year-on-year increase from €407 million in 2023.

Future Developments

Looking ahead, the Corporation maintains a cautiously optimistic financial outlook. While prospects remain positive, challenges persist, particularly in light of fluctuating interest rates and external economic pressures. Ongoing increases in raw material and waste disposal costs are expected to strain the Corporation's cost structure and impact its liquidity. Nonetheless, the Corporation remains committed to investing in critical infrastructure to meet future demand, reaffirming its long-term strategic priorities.

Results and dividends

The statement of profit or loss and other comprehensive income is set out on page 10. The Directors do not recommend the payment of a dividend during 2024, and they resolved that the result of the financial year shall be carried over in retained earnings.

Directors

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

Mr Joseph Vella - Chairman
Mr Louis Gatt - Deputy Chairman
Dr Vincent Micallef - Resigned (15 October 2024)
Ing Raymond Azzopardi - Member
Mr Ethelbert Schembri - Member
Ms Sylvana Mifsud - Member
Ms Marion Parnis - Member
Ms Mirana Agius Silvio - Member
Dr Juanita Agius Galea – Member

In accordance with Article 7 of the Water Services Corporation Act, (Cap. 355) of the Laws of Malta, the appointed Directors shall hold office for such period and on such terms and conditions as the Minister responsible for the Corporation may deem fit; and a member shall, on ceasing to be a member, be eligible for re-appointment.

Directors' report - continued

Statement of Directors' responsibilities or the financial statements

The Directors are required by the Water Services Corporation Act, (Cap. 355) to prepare financial statements which give a true and fair view of the state of affairs of the Corporation 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 ('IFRS') as adopted by the European Union ('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 Corporation 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 Water Services Corporation Act, (Cap. 355). The Directors are also responsible for safeguarding the assets of the Corporation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial risk management

The Group and Corporation are exposed to a variety of risks and hence operate a risk management strategy with the objective of controlling and minimising the impact on the financial performance and position. A detailed review of the risk management policies adopted by the Group and Corporation with the exposures to financial risk management including market risk, credit risk, and liquidity risk, capital risk management and fair value estimation, are included in Note 4 to the financial statements.

Auditors

Pursuant to the Corporation's statutory obligations in terms of the Water Services Corporation Act, (Cap. 355), the appointment of the auditors and the authorisation of the Directors to set their remuneration will be proposed and approved at the Company's AGM.

On behalf of the board



Mr Joseph Vella
Chairman

Registered office:
Water Services Corporation,
Triq Hal Qormi,
Luqa, LQA 9043,
Malta.

25 April 2025



Mr Louis Gatt
Deputy Chairman

Independent auditors' report

In accordance with Article 29(2) of the Water Services Corporation Act
To the Stakeholders of Water Services Corporation

Report on the audit of the financial statements

Our Opinion

In our opinion:

- Water Services Corporation's consolidated and standalone Corporation's financial statements ("the financial statements") give a true and fair view of the Group and Corporation's financial position as at 31 December 2024, and of the Corporation's financial performance in accordance with the IFRSs as adopted by the EU; and
- the financial statements have been prepared in accordance with the requirements of the Water Services Corporation Act, (Cap. 355).

What we have audited

Water Services Corporation's financial statements, set out on pages 8 to 60 comprise:

- the consolidated and standalone Corporation's statement of financial position as at 31 December 2024;
- the consolidated and standalone Corporation's statements of profit or loss and other comprehensive income for the year then ended;
- the consolidated and standalone Corporation's statements of changes in equity for the year then ended;
- the consolidated and standalone Corporation's statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

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

Independence

We are independent of the Group and the Corporation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional 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 the IESBA Code.

Independent auditors' report

In accordance with Article 29(2) of the Water Services Corporation Act
To the Stakeholders of Water Services Corporation

Other information

The Directors are responsible for the other information. The other information comprises the Directors' report on pages 1 to 3 and the Detailed Statement of Profit or Loss and Other Comprehensive Income on pages 61 to 64 (but does not include the financial statements and our auditors' report thereon).

Our opinion on the financial statements does not cover the other information.

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.

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 for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

Independent auditors' report

In accordance with Article 29(2) of the Water Services Corporation Act
To the Stakeholders of Water Services Corporation

Auditors' responsibilities for the audit of the financial statements - continued

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group or the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Group or the Corporation 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 the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent auditors' report

In accordance with Article 29(2) of the Water Services Corporation Act
To the Stakeholders of Water Services Corporation

Report on any other legal and regulatory requirements

Other matters on which we are required to report by exception

We also have responsibilities under the Water Services Corporation Act, (Cap. 355) to report to you if, in our opinion:

- Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by ourselves.
- The financial statements are not in agreement with the accounting records and returns.
- We have not received all the information and explanations we require for our audit.
- Certain disclosures of the Directors' remuneration specified by law are not made in the financial statements, giving the required particulars in our report.

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



Christian Gravina
Director
For and on behalf of
GCS Assurance Malta Limited
Registered Auditor

Agora Business Centre, Level 2
Valley Road
Msida, MSD 9020
Malta

25 April 2025

WATER SERVICES CORPORATION
Annual Report and Consolidated Financial Statements - 31 December 2024

Statement of financial position

	Notes	Group		Corporation	
		As at 31 December			
		2024	2023	2024	2023
		€'000	€'000	€'000	€'000
ASSETS					
Non-current assets					
Property, plant and equipment	6	424,560	381,715	424,879	382,025
Right of use asset	7	8,907	3,970	8,907	3,970
Finance lease receivables	8	739	794	-	-
Investments in subsidiaries	9	1	1	25	25
Investment in jointly-controlled entity	10	1,008	967	125	125
Loans receivable	11	217	327	-	-
Trade and other receivables	14	18,661	20,564	18,661	20,564
Total non-current assets		454,093	408,338	452,597	406,709
Current assets					
Inventories	12	24,339	23,514	24,679	23,846
Finance lease receivables	8	58	48	-	-
Loans receivable	11	47	42	-	-
Financial assets at fair value through profit or loss	13	12,313	-	12,313	-
Trade and other receivables	14	68,827	45,196	67,859	45,094
Current tax assets	15	66	-	9	9
Cash and cash equivalents	16	54,420	90,949	35,832	66,843
Total current assets		160,070	159,749	140,692	135,792
Total assets		614,163	568,087	593,289	542,501

Statement of financial position - continued

	Notes	Group		Corporation	
		As at 31 December			
		2024	2023	2024	2023
		€'000	€'000	€'000	€'000
EQUITY AND LIABILITIES					
Capital and reserves					
Government contribution	17	73,142	73,142	73,142	73,142
Other reserve	17	227	227	-	-
Revenue reserve		116,318	94,553	114,348	93,491
Pension contribution reserve	17	(6,127)	(5,619)	(6,127)	(5,619)
Non-controlling interest		9	7	-	-
Total equity		183,569	162,310	181,363	161,014
Non-current liabilities					
Bond borrowings	18	24,578	24,529	-	-
Bank borrowings	20	12,325	29,613	12,325	29,613
Loan from subsidiary	21	-	-	7,470	1,681
Other borrowings	24	2,601	2,806	2,601	2,806
Deferred government grants	22	253,738	244,355	253,738	244,355
Lease liability	7	5,618	2,197	5,618	2,197
Provision for other liabilities and charges	23	4,484	6,449	4,484	6,449
Other payables	19	209	235	-	-
Total non-current liabilities		303,553	310,184	286,236	287,101
Current liabilities					
Current tax liabilities	15	-	93	-	-
Bank borrowings	20	6,649	6,255	6,649	6,255
Other borrowings	24	205	202	205	202
Deferred government grants	22	14,747	13,210	14,747	13,210
Lease liability	7	3,409	1,827	3,409	1,827
Trade and other payables	19	102,031	74,006	100,680	72,892
Total current liabilities		127,041	95,593	125,690	94,386
Total liabilities		430,594	405,777	411,926	381,487
Total equity and liabilities		614,163	568,087	593,289	542,501

The notes on pages 15 to 60 are an integral part of these financial statements.

The financial statements on pages 8 to 60 were authorised for issue by the Board of Directors on 25 April 2025 and were signed on its behalf by:



Mr Joseph Vella
Chairman



Mr Louis Gatt
Deputy Chairman

Statement of profit or loss and other comprehensive income

	Notes	Group		Corporation	
		Year ended 31 December			
		2024	2023	2024	2023
		€'000	€'000	€'000	€'000
Revenue	25	101,591	91,460	100,302	90,241
Government subsidies	26	35,449	32,984	35,449	32,984
Operating costs	27	(79,199)	(74,225)	(78,852)	(73,066)
Administrative expenses	27	(35,756)	(31,711)	(35,346)	(31,102)
Provision for cost of service pensions payable to Government	23	185	49	185	49
Operating profit		22,270	18,557	21,738	19,106
Share of results of jointly-controlled entity	10	41	80	-	-
Finance income	28	2,129	1,532	1,446	1,189
Finance costs	29	(2,223)	(2,368)	(2,326)	(2,408)
Profit before taxation		22,217	17,801	20,858	17,887
Tax expense	30	(450)	(324)	(1)	-
Profit for the year		21,767	17,477	20,857	17,887
Attributable to:					
Government of Malta		21,765	17,475		
Non-controlling interest		2	2		
		21,767	17,477		
Other comprehensive loss					
Remeasurements of post-employment benefit obligations	23	(508)	(371)	(508)	(371)
Total comprehensive income for the year		21,259	17,106	20,349	17,516
Attributable to:					
Government of Malta		21,257	17,104		
Non-controlling interest		2	2		
		21,259	17,106		

The notes on pages 15 to 60 are an integral part of these financial statements.

Statement of changes in equity

Group	Notes	Government Contribution €'000	Other reserve €'000	Revenue reserve €'000	Pension contribution reserve €'000	Attributable to Government of Malta €'000	Attributable to non-controlling interest €'000	Total €'000
As at 1 January 2023		73,142	-	77,310	(5,248)	145,199	5	145,204
Profit for the year		-	-	17,477	-	17,475	2	17,477
Capitalisation of profits		-	227	(227)	-	-	-	-
Other comprehensive income								
Remeasurement of post-employment benefit obligations	23	-	-	-	(371)	(371)	-	(371)
Total comprehensive income/(loss)		-	227	17,250	(371)	17,104	2	17,106
As at 31 December 2023		73,142	227	94,560	(5,619)	162,303	7	162,310
As at 1 January 2024		73,142	227	94,560	(5,619)	162,303	7	162,310
Profit for the year		-	-	21,767	-	21,765	2	21,767
Other comprehensive income								
Remeasurement of post-employment benefit obligations	23	-	-	-	(508)	(508)	-	(508)
Total comprehensive income/(loss)		-	-	21,767	(508)	21,257	2	21,259
As at 31 December 2024		73,142	227	116,327	(6,127)	183,560	9	183,569

WATER SERVICES CORPORATION
Annual Report and Consolidated Financial Statements - 31 December 2024

Statement of changes in equity - continued

Corporation	Notes	Government contribution €'000	Revenue Reserve €'000	Pension contribution reserve €'000	Total €'000
As at 1 January 2023		73,142	75,604	(5,248)	143,498
Profit for the year		-	17,887	-	17,887
Other comprehensive loss					
Remeasurement of post-employment benefit obligations	23	-	-	(371)	(371)
Total comprehensive income / (loss)		-	17,887	(371)	17,516
As at 31 December 2023		73,142	93,491	(5,619)	161,014
As at 1 January 2024		73,142	93,491	(5,619)	161,014
Profit for the year		-	20,857	-	20,857
Other comprehensive loss					
Remeasurement of post-employment benefit obligations	23	-	-	(508)	(508)
Total comprehensive income / (loss)		-	20,857	(508)	20,349
As at 31 December 2024		73,142	114,348	(6,127)	181,363

The notes on pages 15 to 60 are an integral part of these financial statements.

WATER SERVICES CORPORATION
Annual Report and Consolidated Financial Statements - 31 December 2024

Statement of cash flows

	Notes	Group		Corporation	
		Year ended 31 December			
		2024	2023	2024	2023
		€'000	€'000	€'000	€'000
Cash flows from operating activities					
Profit before taxation		22,217	17,801	20,858	17,887
Adjustments for:					
Movement in provision for expected-credit loss ('ECL')	14	(617)	(842)	(664)	(835)
Depreciation and amortisation	6, 7, 18	22,672	20,824	22,613	20,795
Movement in provision for other liabilities and charges	23	(1,516)	(1,247)	(1,516)	(1,247)
Movement in post-employment benefits obligations	23	(508)	(371)	(508)	(371)
Movement in lease obligations	7	(1,706)	(548)	(1,706)	(548)
<i>Changes in working capital:</i>					
Inventories	12	(825)	807	(833)	809
Trade and other receivables	14	(21,111)	(6,046)	(20,198)	(15,853)
Trade and other payables	19	27,548	28,387	27,336	37,653
Cash generated from operations		46,154	58,765	45,382	58,290
Interest paid		271	127	271	127
Tax paid		(610)	(433)	-	-
Net cash generated from operating activities		45,815	58,459	45,653	58,417
Cash flows used in investing activities					
Acquisition of property, plant and equipment	6	(63,915)	(36,553)	(63,915)	(36,778)
Write-off of property, plant and equipment	6	-	212	-	212
Acquisition of portfolio investments	13	(12,313)	-	(12,313)	-
Additions to finance lease receivables	8	(4)	(21)	-	-
Repayments from lessees	8	49	40	-	-
Investment in subsidiary	9	-	-	-	(19)
Share of results	10	(41)	(80)	-	-
Net cash used in investing activities		(76,224)	(36,402)	(76,228)	(36,585)

Statement of cash flows - continued

	Notes	Group		Corporation	
		Year ended 31 December			
		2024	2023	2024	2023
		€'000	€'000	€'000	€'000
Cash flows (used) / from financing activities					
Grants received	22	10,920	52,587	10,920	52,587
Proceeds from issuance of bond	18	-	25,000	-	-
Bond transaction costs	18	-	(488)	-	-
Repayment of bank borrowings	20	(19,299)	(4,585)	(19,299)	(4,585)
Repayment of government loan	24	(250)	(250)	(250)	(250)
Loans advanced from subsidiary	21	-	-	5,789	1,681
Loans advanced to related parties	11	105	117	-	-
Net cash (used in) / generated from financing activities		(8,524)	72,381	(2,840)	49,433
Net movement in cash and cash equivalents		(38,933)	94,438	(33,415)	71,265
Cash and cash equivalents as at 1 January	16	89,317	(5,121)	65,211	(6,054)
Cash and cash equivalents as at 31 December	16	50,384	89,317	31,796	65,211

The notes on pages 15 to 60 are an integral part of these financial statements.

Notes to the financial statements

1. Principal activities of the Corporation

The Water Services Corporation is a body corporate established in Malta by Virtue of the Water Services Corporation Act, (Cap. 355) of the Laws of Malta, which same Act specifies the activities and responsibilities of the Corporation.

The Corporation's principal activities, which are unchanged since the last reporting year end, are to act as the sole and exclusive entity to acquire, produce, distribute, and sell water for domestic, industrial, and commercial use. The Corporation is also responsible for the treatment and disposal or re-use of sewage and wastewater.

2. Basis of preparation

The consolidated financial statements have been prepared in accordance with IFRSs as adopted by the EU and the requirements of the Water Services Corporation Act, (Cap. 355). 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 Directors to exercise their judgement in the process of applying the Corporation's accounting policies (see Note 5 - Critical accounting estimates and judgements).

These financial statements are presented in Euro (€) which is the Corporation's functional currency. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Appropriateness of the going concern assumption

At the time of approving the financial statements, the Directors have a reasonable expectation that the Corporation has adequate resources to continue in operational existence for the foreseeable future. In fact, both the Group and the Corporation succeeded to generate yet another profit before taxation of €22.2 million (2023: €17.8 million) and €20.9 million (2023: €17.9 million), respectively, registering an increase when compared to the previous year.

Accordingly, these financial statements have prepared under the going concern assumption.

3. Summary of significant accounting policies

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

3.1 Consolidation

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred, and the equity interests issued by the Group, plus costs directly attributable to the acquisition. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed (identifiable net assets) in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

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

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively.

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

A listing of the subsidiaries is set out in Note 9 to the consolidated financial statements.

3. Summary of significant accounting policies - continued

3.2 New and amended IFRSs that are effective for the current year

In 2024, the Group and the Corporation adopted new standards, amendments and interpretations to existing standards that are mandatory for the Corporation'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 Group and the Corporation's accounting policies.

- Amendments to IAS 7 – Statement of Cash Flows and IFRS 7 - Financial Instruments: Disclosures: Supplier Finance Arrangements (issued on 25 May 2023) (effective for financial years beginning on or after 01 January 2024)
- Amendments to IAS 1 – Presentation of Financial Statements:
 - Classification of Liabilities as Current or Noncurrent (issued on 23 January 2020) (effective for financial years beginning on or after 01 January 2024);
 - Classification of Liabilities as Current or Noncurrent - Deferral of Effective Date (issued on 15 July 2020) (effective for financial years beginning on or after 01 January 2024); and
 - Non-current Liabilities with Covenants (issued on 31 October 2022) (effective for financial years beginning on or after 01 January 2024)
- Amendments to IFRS 16 – Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022) (effective for financial years beginning on or after 01 January 2024)

3.3 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group and the Corporation

At the date of the authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective and have not been adopted early by the Group and the Corporation.

- Amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023) (effective for financial years beginning on or after 01 January 2025)

Management anticipates that all the relevant pronouncements will be adopted in the Group and the Corporation's accounting policies for the first period beginning after the effective date of the pronouncement. Certain new standards and interpretations have been issued but are not expected to have a material impact on the Group and the Corporation's financial statements.

3.4 Standards, amendments and interpretations to published standards that are not yet endorsed by the EU

- IFRS 18 – Presentation and Disclosure in Financial Statements (issued on 9 April 2024)
- IFRS 19 – Subsidiaries without Public Accountability: Disclosures (issued on 9 May 2024)
- Amendments to IFRS 7 and IFRS 9 – Contracts Referencing Nature-dependent Electricity (issued on 18 December 2024)
- Amendments to IFRS 9 and IFRS 7 – Amendments to the Classification and Measurement of Financial Instruments (issued on 30 May 2024)
- Annual Improvements Volume 11 (issued on 18 July 2024)

3. Summary of significant accounting policies - continued

3.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the 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 both the Group and the Corporation's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. All foreign exchange gains and losses are presented in the income statement within 'other income/(expense)'.

3.6 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. Borrowing costs (Note 3.28) which are incurred for the purpose of acquiring or constructing a qualifying asset are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway. Capitalisation of borrowing costs is ceased once the asset is substantially complete and is suspended if the development of the asset is suspended.

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

Freehold land is not depreciated as it is deemed to have an indefinite life. Also, no depreciation is recorded on assets in the course of construction until the asset is finalised and re-classified to the respective asset class it relates to.

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

Class	Years
Buildings	50
Water infrastructure and related assets	5 - 39
Plant, equipment, furniture and fittings	5 - 10
Waste water infrastructure and related assets	5 - 39
Integrated utilities business systems	2 - 12

Water infrastructure and related assets comprise the main distribution system including reservoirs, underground galleries, boreholes, and the reverse osmosis plants.

3. Summary of significant accounting policies - continued

3.6 Property, plant and equipment - continued

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 3.11).

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

3.7 Right of use asset and lease liability

The Corporation recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. When a right-of-use asset meets the definition of investment property, it is presented in investment property. The right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Corporation's accounting policies.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Corporation's incremental borrowing rate. Generally, the Corporation uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

3.8 Finance lease receivables

The Group and the Corporation lease out property, plant and equipment in the statement of financial position and are accounted for in accordance with accounting policy Note 3.6. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

All leases are classified as finance leases from a lessor perspective.

Where the lease payments have already been fully received prior to the commencement of the lease, the lease receivable is recognised at the original purchase price of the asset.

Conversely, where the lease payments are expected to be received over the lifetime of the lease, the lease receivable is deemed to be the present value of the lease receipts expected during the lease term.

The lease receivable will be derecognised over the lifetime of the lease.

3. Summary of significant accounting policies - continued

3.9 Investment in jointly-controlled entity

Jointly-controlled entities are all entities over which the Group has joint control by virtue of a contractual agreement with one or more parties. The investment in jointly-controlled entity is accounted for by the equity method of accounting and is initially recognised at cost. The Group's investment in the jointly-controlled entity includes goodwill identified on acquisition net of any accumulated impairment loss.

The Group's share of its jointly-controlled entity's post-acquisition profits or losses is recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a jointly-controlled entity equals or exceeds its interest in the jointly-controlled entity, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the jointly-controlled entity.

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

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

3.10 Investment in subsidiaries

Investment in subsidiaries are accounted for by the cost method of accounting, i.e. at cost less impairment. Provisions are recorded where, in the opinion of the Directors, there is an impairment in value. Where there has been an impairment in the value of an investment, it is recognised as an expense in the period in which the diminution is identified.

The results of subsidiaries are reflected in the Corporation's separate financial statements only to the extent of dividends receivable. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

3.11 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

3. Summary of significant accounting policies - continued

3.12 Financial assets

3.12.1 Classification

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The Company classifies its financial assets are amortised cost.

- debt instruments held within a business model whose objective is to hold to collect contractual cashflows are measured at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

3.12.2 Recognition and measurement

The Group and the Corporation recognise a financial asset in the statement of financial position when they become a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on settlement date, which is the date on which an asset is delivered to or by the Group and the Corporation. Any change in fair value for the asset to be received is recognised between the trade date and settlement date in respect of assets which are carried at fair value in accordance with the measurement rules applicable to the respective financial assets.

Financial assets are initially recognised at fair value plus transaction costs. Subsequently, they are measured according to their classification as detailed in Note 3.12.1. Amortised cost is the initial measurement amount adjusted for the amortisation of any difference between the initial and maturity amounts using the effective interest method.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Corporation have transferred substantially all risks and rewards of ownership or have not retained control of the asset.

3. Summary of significant accounting policies - continued

3.12 Financial assets - continued

3.12.3 Impairment

In relation to the impairment of financial assets, IFRS 9 requires an ECL model. The ECL model requires the Group and the Corporation to account for ECLs and changes in those ECLs at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the Group and the Corporation to recognise a loss allowance for ECL on:

- Debt investments measured subsequently at amortised cost or at fair value through other comprehensive income;
- Trade receivables; and
- Other financial assets that are exposed to credit risk, such as certain loan commitments or financial guarantee contracts, to which the impairment requirements of IFRS 9 apply.

In particular, IFRS 9 requires the Group and the Corporation to measure the loss allowance for a financial instrument at an amount equal to the lifetime ECL if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Group and the Corporation is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

3.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. The cost of inventories comprises the invoiced value of goods and, in general, includes transport and handling costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

3.14 Trade and other receivables

Trade receivables comprise amounts due from customers for 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 and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less ECL (Note 3.12.3). The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss. When a receivable is uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited against profit or loss.

3. Summary of significant accounting policies - continued

3.15 Cash and cash equivalents

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

3.16 Government contribution

Investments made in the Corporation by the Government of Malta are treated as part of equity for accounting purposes. Government contribution includes converted permanent debenture stock. Such permanent debenture stock has effectively been converted to a Government contribution by virtue of amendments to the Water Services Corporation Act, passed through Act XXVII of 2007, whereby Article 35 of the Water Services Corporation Act, which addressed the creation of permanent debenture stock in favour of the Government, has been deleted.

3.17 Revenue reserve

The Corporation's profit or loss for the financial year is credited or debited, as the case may be, to a revenue reserve included in equity. In accordance with Article 25(2) of the Water Services Corporation Act, the application of the revenue reserve is subject to such direction as the Minister responsible for the Corporation, after consultation with the Minister of Finance, may from time to time give.

3.18 Financial liabilities

The Group and the Corporation recognise a financial liability in the statement of financial position when either one becomes a party to the contractual provisions of the instrument. The Group and the Corporation's financial liabilities are classified as financial liabilities which are not at fair value through profit or loss (classified as 'Other liabilities') under IFRS 9. Financial liabilities not at fair value through profit or loss are recognised initially at fair value, being the fair value of consideration received, net of transaction costs that are directly attributable to the acquisition or the issue of the financial liability. These liabilities are subsequently measured at amortised cost using the effective interest method.

The Group and the Corporation derecognise a financial liability from the statement of financial position when the obligation specified in the contract or arrangement is discharged, is cancelled or expires.

3.19 Trade and other payables

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

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

3. Summary of significant accounting policies - continued

3.20 Borrowings

Borrowings are recognised initially at the fair value of proceeds received, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

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

3.21 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.

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

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

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

3.23 Provisions

Provisions are recognised when the Group and the Corporation have a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligations; and the amount has been reliably estimated. Costs related to the ongoing activities of the Group and the Corporation are not provided for in advance. Provisions are not recognised for future operating losses.

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

3. Summary of significant accounting policies - continued

3.24 Pensions obligations

In terms of the Water Services Corporation Act, Cap. 355 of the Laws of Malta, Article 40 (5), the Corporation is bound to pay the Government of Malta contributions, as may from time to time be determined by the Minister responsible for finance, in respect of the cost of pensions and gratuities earned by the employees, from the date of acceptance by an officer in the public service who has accepted permanent employment with the Corporation. The Corporation has been in continuous discussion with Government in respect of the extent of the amount that may in fact be due in this regard as further discussed in Note 5.3.

The Directors have determined that the Corporation should account for future pension obligations as a 'defined benefit plan' in the context of the Pensions Ordinance.

A defined benefit plan defines an amount of pension benefit that an employee will receive on retirement. In the Corporation's case, this amount is dependent upon an employee's final compensation upon retirement, as well as completed months of service. Eligibility to the scheme is also dependent on a minimum of 10 years' service and employment having commenced prior to 1979. The benefit vests only if at retirement date the employee is still in the employment of the Corporation.

The liability recognised in the statements 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. The defined benefit obligation is calculated annually using the projected unit credit method. The present value of the 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 pension 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 statement of profit or loss and other comprehensive income.

3.25 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group and the Corporation's activities. Sales are recognised upon delivery of products or performance of services, net of sales tax, returns, rebates and discounts.

The Group and the Corporation recognise revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and the Corporation and when specific criteria have been met for each of the Group and the Corporation's activities as described below.

(a) Sale of water

Sale of water is based on tariff structures established by the Corporation after obtaining approval from the Malta Resources Authority. Revenue from sale of water represents the value of the sale of units of water and the related service charges. Revenue includes the estimated value of water units supplied to customers not yet billed at the end of the reporting period.

3. Summary of significant accounting policies - continued

3.25 Revenue recognition - continued

(b) Sales of goods

Sales of goods are recognised when the Group and the Corporation have delivered products to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery does not occur until the risks of obsolescence and loss have been transferred to the customer, and the customer has accepted the products.

(c) Sales of services

Revenue from services is generally recognised in the period the services are provided, based on the services performed to date as a percentage of the total services to be performed. Accordingly, revenue is recognised by reference to the stage of completion of the transaction under the percentage of completion method.

(d) Other operating income

Other operating income mainly consists of water-related services and new service installations provided by the Group and the Corporation. This income is recognised when the service or installation is supplied and title has passed along with the risks and rewards of ownership.

(e) Interest income

Interest income is recognised for all interest-bearing instruments using the effective interest method.

(f) The Group is the lessor

Rental income from finance leases is recognized in profit or loss on a pattern reflecting a constant periodic rate of return on investment.

3.26 Construction contracts

When the outcome of a contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable; and contract costs are recognised when incurred.

When the outcome of a contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue and contract costs are recognised over the period of the contract, respectively, as revenue and expenses. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The Group and the Corporation use the 'percentage of completion method' to determine the appropriate amount of revenue and costs to recognise in a given period. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed up to the end of the reporting period in relation to the estimated total costs for the contract. Costs incurred during the year that relate to future activity on a contract are excluded from contract costs in determining the stage of completion and are shown as contract work in progress within inventories. The aggregate of the costs incurred and the profit or loss recognised on each contract is compared against the progress billings up to the year end.

3. Summary of significant accounting policies - continued

3.26 Construction contracts - continued

The Group and the Corporation present as an asset, the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings, within trade and other receivables. The Group and the Corporation present as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses), within trade and other payables.

3.27 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 that the Group and the Corporation 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. Such grants mainly represent EU Funds to which the Group and the Corporation are entitled, and subsidies receivable from Government, as approved under the capital and recurrent expenditure votes of the Ministry responsible for the Group and the Corporation, in relation to capital expenditure and operational expenses of water production and waste water system.

Grants related to income are generally credited to profit or loss and presented under 'Government subsidies'. However, when such grants are specifically related to a particular expense they are presented as a deduction in reporting that expense.

Government grants receivable in relation to 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. Within profit or loss, such grants are presented under 'Government subsidies'.

3.28 Borrowing costs

Borrowing costs which are incurred for the purpose of acquiring or constructing qualifying property, plant and equipment, investment property or property held for development and resale 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.

4. Financial risk management

4.1 Financial risk factors

The Group and the Corporation's activities potentially expose them to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group and the Corporation's overall risk management, covering risk exposures for the Corporation and its subsidiary, focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group and the Corporation's financial performance. The Board of Directors governing the Group and the Corporation provides principles for overall risk management. The Group and the Corporation did not make use of derivative financial instruments to hedge 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 Group and Corporation are exposed to US Dollars (USD). The carrying amount of the financial assets through profit or loss, and cash and cash equivalents denominated in this foreign currency as at the end of the reporting periods were as follows:

	Group and Corporation	
	2024	2023
	€	€
Financial assets through profit or loss		
USD	331,136	-
Cash and cash equivalents		
USD	42,717	-

The risk arising from foreign currency transactions is managed by regular monitoring of the relevant exchange rates and management's reaction to material movements thereto.

The Group and the Corporation's revenues, purchases and operating expenditure, financial assets and liabilities, including financing, are mainly denominated in Euro. Accordingly, the Group and Corporation are 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) Interest rate risk

The interest rate profile of the Corporation's interest-bearing financial instruments at the end of the reporting periods consists of both fixed and floating interest rates.

4. Financial risk management - continued

4.1 Financial risk factors - continued

a. Market risk - continued

(ii) Interest rate risk - continued

	Group		Corporation	
	2024 €'000	2023 €'000	2024 €'000	2023 €'000
Financial assets				
<i>Subject to fixed rates:</i>				
Term deposits (Note 16)	27,000	21,000	15,000	-
Finance lease receivables (Note 8)	797	842	-	-
Loans receivable (Note 11)	264	369	-	-
	28,061	22,211	15,000	-
Financial liabilities				
<i>Subject to fixed rates:</i>				
Bond borrowings (Note 18)	24,578	24,529	-	-
Loan from subsidiary (Note 21)	-	-	7,470	1,681
Other borrowings (Note 24)	2,806	3,008	2,806	3,008
Lease liability (Note 7)	9,027	4,024	9,027	4,024
	36,411	31,561	19,303	8,713
Financial liabilities				
<i>Subject to floating rates:</i>				
Bank borrowings (Note 20)	18,974	35,868	18,974	35,868

The Group and the Corporation's significant instruments that are subject to fixed interest rates, as disclosed in the table above, which expose the Group and the Corporation to interest rate risk, are however measured at amortised cost. Accordingly, a shift in interest rates would have no impact on the carrying amount of these borrowings.

Floating interest instruments comprise of bank borrowings which are held at floating rates tied to the respective banker's base rate. Management monitors the impact of changes in market interest rates on amounts reported in profit or loss in respect of these instruments taking into consideration refinancing, renewal of existing positions, and alternative financing. Based on this analysis, management considers the potential impact on profit or loss of a floating interest rate shift that is reasonably possible at the end of the reporting period to be immaterial.

The Group and the Corporation's operating cash flows are substantially independent of changes in market interest rates. 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 contained. Accordingly, a sensitivity analysis for interest rate risk is not deemed necessary.

4. Financial risk management - continued

4.1 Financial risk factors - continued

b. Credit risk

The Group and Corporation measure credit risk and ECL using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward-looking information in determining any ECL.

The Corporation's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising ECL
Performing	A low risk of default and no past due amounts.	12-month ECL
Doubtful	Amount is greater than 30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
In default	Amount is greater than 90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Corporation has no realistic prospect of recovery.	Amount is written off

The Group and the Corporation's exposures to credit risk as at the end of the reporting years are analysed as follows:

	Group		Corporation	
	2024 €'000	2023 €'000	2024 €'000	2023 €'000
Loans receivable (Note 11)	264	369	-	-
Finance lease receivables (Note 8)	797	842	-	-
Trade and other receivables (Note 14)	83,927	62,623	83,035	62,544
Cash and cash equivalents (Note 16)	54,420	90,949	35,832	66,843
	139,408	154,783	118,867	129,387

The maximum exposure to credit risk at the end of the reporting year 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 Group and the Corporation do not hold any collateral as security in this respect.

Cash and cash equivalents consist of cash at hand and cash held at reputable financial institutions. The credit risk for cash and cash equivalents is considered to be negligible, since the Group and the Corporation bank only with local financial institutions with high quality standing or rating.

4. Financial risk management - continued

4.1 Financial risk factors - continued

b. Credit risk - continued

The Group and the Corporation's trade and other receivables arise from the Group and the Corporation's core operations. The Group and the Corporation has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Corporation determines the ECL on these terms by using an estimate based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. The Group and the Corporation consider that it is not exposed to major concentrations of credit risk in the event of non-performance of a single customer other than as disclosed below.

The Group and the Corporation's trade and other receivables include significant amounts due from the Government of Malta and other related parties that are owned or controlled by the Government. The Group and the Corporation's credit control function monitors related party exposures at an individual level on a regular basis and ensures timely performance of these assets in the context of overall liquidity management. The Group and the Corporation take cognisance of the related party relationship with these entities and management does not expect any losses from non-performance or default.

As at 31 December 2024, the total trade receivables which were impaired and against which an allowance for credit loss was taken amounts to €5 million (2023: €5.7 million) for the Group, and €4.9 million (2023: €5.6 million) for the Corporation. The individually impaired receivables mainly relate to a number of independent customers who are not meeting repayment obligations. Reversal of provisions for impairment arise in those situations where customers settle the balance due. The Group and the Corporation do not hold any collateral as security in respect of the impaired assets.

The movements in the Group and the Corporation's provisions for impairment of trade receivables are disclosed in Note 27 to the financial statements.

As at 31 December 2024 and 2023, there were certain trade and other receivables which were past due but not impaired. These mainly relate to a number independent trade customers for whom there is no recent history of default. Whilst a limited number of customers account for a certain percentage of the Group and the Corporation's past due trade debts, management has not identified any major concerns with respect to concentration of credit risk as outlined above. Categorisation of trade receivables as past due is determined by the Group and the Corporation on the basis of the nature of the credit terms in place and credit arrangements actually utilised in managing exposures with customers.

c. Liquidity risk

The Group and the Corporation are exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise interest-bearing borrowings (Notes 18, 20 and 21), Government dues (Note 24) and trade and other payables (Note 19). Prudent liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meet the Group and the Corporation's obligations.

4. Financial risk management - continued

4.1 Financial risk factors - continued

c. Liquidity risk - continued

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. The Group and the Corporation's liquidity risk is actively managed taking cognisance of the matching of cash inflows and outflows arising from expected maturities of financial instruments, coupled with the Group and the Corporation's committed bank borrowing facilities and other financing that they can access to meet liquidity needs as further disclosed in Notes 18, 20, 21, 22 and 24. Notwithstanding the working capital deficiency as at the year end, management does not consider the Group's liquidity exposure to be significant after taking account of the financing options available to it.

The following tables analyse the Group's and the Corporation's principal financial liabilities into relevant maturity groupings based on the remaining term at the end of the reporting year to the contractual maturity date. The amounts disclosed in the tables are the contractual undiscounted cash flows and when applicable are inclusive of interest. Balances due within twelve months equal their carrying balances, as the impact of discounting is not significant.

Group	Carrying amount €000	Contractual cash flows €000	Less than 1 year €000	Between 1 and 5 years €000	Over 5 years €000
31 December 2023					
Bond	24,529	35,250	1,063	4,250	29,937
Bank borrowings	35,868	38,288	4,849	28,778	4,661
Government loan	3,008	3,368	250	1,250	1,868
Trade and other payables	74,006	74,006	74,006	-	-
31 December 2024					
Bond	24,578	34,187	1,063	4,250	28,874
Bank borrowings	18,974	20,750	7,189	10,936	2,625
Government loan	2,806	3,118	250	1,250	1,618
Trade and other payables	102,031	102,031	102,031	-	-
Corporation					
	Carrying amount €000	Contractual cash flows €000	Less than 1 year €000	Between 1 and 5 years €000	Over 5 years €000
31 December 2023					
Bank borrowings	35,868	38,288	4,849	28,778	4,661
Loan from subsidiary	1,681	2,137	-	-	2,137
Government loan	3,008	3,368	250	1,250	1,868
Trade and other payables	72,892	72,892	72,892	-	-
31 December 2024					
Bank borrowings	18,974	20,750	7,189	10,936	2,625
Loan from subsidiary	7,470	9,090	-	-	9,090
Government loan	2,806	3,118	250	1,250	1,618
Trade and other payables	100,679	100,679	100,679	-	-

4. Financial risk management - continued

4.1 Financial risk factors - continued

c. Liquidity risk - continued

An amount of €14,938,285 (2023: €17,511,766) disclosed above within the bank borrowings is to be reimbursed by the Government.

4.2 Capital risk management

The Group and the Corporation's objectives when managing capital are to safeguard the Group and the Corporation's ability to continue as a going concern and to maintain an optimal capital structure to support their operations and reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may seek funding from Government within the parameters of specific regulations.

The level of capital of the Group and the Corporation, which constitute equity as reflected in the consolidated statements of financial position, is maintained by reference to its respective financial obligations and commitments arising from operational requirements. The Directors, together with the Government of Malta, are constantly reviewing the adequacy of the capital level in the context of the changing business and operational environment, both locally and internationally, and expected operating results of the Group and the Corporation on the basis of management's budgets and forecasts. In view of the nature of the Group and the Corporation's activities and the extent of borrowings or debt, the capital level as at the end of the reporting year determined by reference to the consolidated financial statements is deemed to be adequate by the Directors.

4.3 Fair values of financial instruments

The Group and Corporation classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

The financial instruments measured at fair value are made up of the Corporation's financial assets at fair value through profit or loss (Note 13) amounting to €12.3 million (2023: nil), which are entirely grouped in level 1.

At 31 December 2024 and 2023, the carrying amounts of other financial assets and financial liabilities classified with current assets and current liabilities respectively approximated their fair values due to the short-term maturities of these assets and liabilities.

The fair value of non-current financial instruments for disclosure purposes is estimated by discounting the future contractual cash flows at the respective current market interest rate that is available to the Group and the Corporation for similar financial instruments. The fair value of the Group and the Corporation's non-current assets and liabilities as at the end of the reporting year are not significantly different from the carrying amounts in view of the interest rates to which they are exposed.

5. 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.

The Group and the Corporation make estimates and assumptions concerning the future. The resulting accounting estimates will by definition, seldom equal the related actual results. These estimates and assumptions present a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The Group and the Corporation's Directors and management also make judgements, apart from those involving estimations, in the process of applying the entity's accounting policies that may have a significant effect on the amounts recognised in the financial statements.

5.1 The Corporation's revenue from sale of water

Every water utility provider expects to suffer water losses. These can be divided into two: real losses and apparent losses. The former are actual losses from the network, i.e. leakages from pipes, whilst the latter refers to a loss of revenue, in relation to units that have been actually consumed by customers, but for various reasons are not being billed. In Malta, studies have demonstrated that the largest contributor to apparent losses is meter under-registration. Persistent attempts to curb both types of losses have been made over the years and continue to be undertaken. To this effect, the Corporation has embarked on a nationwide project where it is changing older meters with more efficient meters in an attempt to mitigate as much as possible the under- registration of meters.

The Corporation together with Enemalta Corporation, implemented a state-of-the-art Integrated Utilities Business System to support and improve each Corporation's management of revenue and receivables. In 2009, both Corporations set up a jointly-controlled entity (Automated Revenue Management Services Ltd – 'ARMS') specifically incorporated to act as a service organization with the objective of administering the revenue cycle within this newly implemented and integrated IT system. This system was commissioned as from 1 January 2010. After this, the Corporation continued with its extensive program of introducing an Automated Metering Management System with the aim of further controlling apparent losses. This implementation process is still not complete and the benefits of improved management of apparent losses are still to be witnessed.

The Corporation estimates the unbilled element of water consumption for the year with reference to actual bills issued after the year end, and other assumptions made for bills that had not yet been issued at the year end in respect of units consumed during the year. This process requires certain assumptions to be made for bills that have not yet been issued in relation to units consumed during the year. The estimated revenue portion included in accrued income is disclosed in Note 14 and amounted to €20.6 million as at 31 December 2024 (2023: €14.3 million).

Notwithstanding the system and control limitations that were identified in the above-mentioned third party assurance report, the Directors have concluded that the estimate of accrued income included within these financial statements is a reasonable one. This assertion considers a number of factors, including the assessment at the time, of the potential financial impact of certain reported control deficiencies which was not deemed to be significant, as well as the comparability of the volume of units billed with prior years' experience and units produced, the passage of time and bills issued subsequent to the year end.

At the same time, the Directors draw attention to the sensitivity of this estimate and the inherent estimation uncertainty, which is influenced by the matters described above. The estimate of accrued income is considered to be critical to the financial statements on the basis of there being significant risk of a material adjustment to the carrying amount within the next financial year.

5. Critical accounting estimates and judgements - continued

5.1 The Corporation's revenue from sale of water - continued

This estimation process requires certain assumptions to be made for bills that had not yet been issued in relation to units consumed during the year. These assumptions include the proration of bills issued after the end of the reporting year by apportioning the element of consumption attributable to 2024 with reference to average consumption trends. In a similar manner, consumption for meters for which no actual reading was made after the end of the reporting year was estimated to be consistent with past consumption patterns by the same customers. Therefore, this estimate is inherently subject to the risk of fluctuations in actual consumption when compared to past consumption trends. These assumptions in the estimation process impact the degree of accuracy when comparing total units billed to those produced.

As mentioned above, despite the system and control limitations, the Directors believe that the comparability of the volume of units billed with units produced, and with prior years' experience of unbilled units, is a key indicator that revenue from the sale of water, including accrued income, is reasonable. Management considers that a fluctuation of 5% in unbilled units is an appropriate benchmark for the purposes of applying sensitivity. A fluctuation of 5% in the proportion of units billed to units produced, assuming that all other variables, including the average revenue per unit billed, are kept constant, would result in an increase or decrease of €4.5 million (2023: €4.2 million) in the Corporation's revenue from the sale of water.

5.2 ECL of trade receivables

The Group and the Corporation monitor the performance trade receivables on a regular basis to identify potential collection losses, which are inherent in the Group and the Corporation's debtors, taking into account historical experience in collection of accounts receivable. On this basis, the Directors believe that the ECL recognised in the financial statements is reasonable and reflects the possibility of default and potential recoveries from customers. However, due to the inherent uncertainty in the evaluation process, actual defaulters may be different from those provided for.

5.3 Provision for cost of service pensions payable to Government

The Corporation exercises judgement in measuring and recognising provisions for its pension obligations. The present value of future pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions, including, inter alia, the discount rate, the appropriate vesting period and expected rates of mortality. In the Corporation's case, the specific judgements involved are even more subjective, taking cognisance of the Directors' interpretation of the nature of the Corporation's obligations and the ongoing developments in this respect as explained in Note 3.24.

Although the Corporation has provided for an initial estimate of potential future pension obligations, discussions are still under way with Government on the extent of the amounts that may in fact be finally due. Due to the inherent uncertainty in this evaluation process, actual costs may be different from the estimated provision for future pension obligations that are recognised in Note 23.2.

5.4 Estimation of useful life

The useful lives and residual values of the Group and the Corporation's property, plant and equipment are determined by the Directors at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience of similar assets as well as anticipation of future events that may impact their life such as changes in technology, innovation and related regulations.

5. Critical accounting estimates and judgements - continued

5.5 Impairment assessment of property, plant and equipment

IFRSs require management to test the carrying value of property, plant and equipment (disclosed in Note 6) for impairment if events or changes in circumstances indicate that the carrying amount of a non-financial asset having a finite useful life may not be recoverable. The Group and the Corporation are continually assessing the operational and financial impact of compliance with laws and regulations. Generally, environmental and regulatory compliance results in additional costs being incurred, but could also lead to the possible impairment of existing plant and equipment.

Assessment of matters referred to above

In the opinion of the Directors, except as disclosed in Note 5.1 above, the accounting estimates and judgements made in the course of preparing these financial statements, which have been highlighted above, are not difficult, subjective or complex to a degree that would warrant their description as critical in terms of the requirements of IAS 1.

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6. Property, plant and equipment

Group	Land and buildings	Water infrastructure and related assets	Plant, equipment, furniture and fittings	Waste water infrastructure and related assets	Integrated utilities business systems	Assets in the course of construction	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Cost							
At 01.01.2023	61,802	241,791	41,135	185,044	35,539	84,129	649,440
Additions	1,524	16,792	3,004	12,318	-	25,293	58,931
Write offs	-	(1,254)	(197)	(91)	-	-	(1,542)
Reclassification	-	-	-	-	-	(22,377)	(22,377)
At 01.01.2024	63,326	257,329	43,942	197,271	35,539	87,045	684,452
Additions	1,446	21,381	4,739	38,163	-	44,207	109,936
Write offs	-	(1,440)	(29)	(70)	-	-	(1,539)
Reclassification	-	-	-	-	-	(46,313)	(46,313)
At 31.12.2024	64,772	277,270	48,652	235,364	35,539	84,939	746,536
Depreciation							
At 01.01.2023	17,732	111,574	25,720	93,270	35,465	-	283,761
For the year	1,209	8,637	3,840	6,569	51	-	20,306
Realised on write offs	-	(1,156)	(150)	(24)	-	-	(1,330)
At 01.01.2024	18,941	119,055	29,410	99,815	35,516	-	302,737
For the year	1,255	9,700	3,590	6,502	23	-	21,070
Realised on write offs	-	(1,440)	(321)	(70)	-	-	(1,831)
At 31.12.2024	20,196	127,315	32,679	106,247	35,539	-	321,976
Net book value							
At 31.12.2023	44,385	138,274	14,532	97,456	23	87,045	381,715
At 31.12.2024	44,576	149,955	15,973	129,117	-	84,939	424,560

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6. Property, plant and equipment - continued

Corporation	Land and buildings	Water infrastructure and related assets	Plant, equipment, furniture and fittings	Waste water infrastructure and related assets	Integrated utilities business systems	Assets in the course of construction	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Cost							
At 01.01.2023	61,802	241,791	41,108	185,044	35,539	84,227	649,511
Additions	1,524	16,792	3,001	12,318	-	25,520	59,155
Write offs	-	(1,254)	(197)	(91)	-	-	(1,542)
Reclassification	-	-	-	-	-	(22,377)	(22,377)
At 01.01.2024	63,326	257,329	43,912	197,271	35,539	87,370	684,747
Additions	1,446	21,381	5,372	38,163	-	44,216	110,578
Write offs	-	(1,440)	(667)	(70)	-	-	(2,177)
Reclassification	-	-	-	-	-	(46,313)	(46,313)
At 31.12.2024	64,772	277,270	48,617	235,364	35,539	85,273	746,835
Depreciation							
At 01.01.2023	17,732	111,574	25,717	93,270	35,465	-	283,758
For the year	1,209	8,637	3,828	6,569	51	-	20,294
Realised on write offs	-	(1,156)	(150)	(24)	-	-	(1,330)
At 01.01.2024	18,941	119,055	29,395	99,815	35,516	-	302,722
For the year	1,255	9,700	3,585	6,502	23	-	21,065
Realised on write offs	-	(1,440)	(321)	(70)	-	-	(1,831)
At 31.12.2024	20,196	127,315	32,659	106,247	35,539	-	321,956
Net book value							
At 31.12.2023	44,385	138,274	14,517	97,456	23	87,370	382,025
At 31.12.2024	44,576	149,955	15,958	129,117	-	85,273	424,879

Assets in the course of construction represent plant and equipment, which as at the end of the financial year, had not been commissioned for use within the Corporation and these relate to water and waste water infrastructure assets.

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7. Right of use asset and lease liability

a. Right of use asset

Group and corporation	Sewage treatment plant €'000	Motor Vehicles €'000	Total €'000
At 1 January 2023	-	2,011	2,011
Additions	-	2,460	2,460
Depreciation charge	-	(501)	(501)
As at 31 December 2023	-	3,970	3,970
Year ended 31 December 2023			
Cost	-	4,736	4,736
Accumulated depreciation	-	(766)	(766)
Net book value	-	3,970	3,970
At 1 January 2024	-	3,970	3,970
Additions	5,714	772	6,486
Depreciation charge	-	(1,549)	(1,549)
As at 31 December 2024	5,714	3,193	8,907
Year ended 31 December 2024			
Cost	5,714	5,508	11,222
Accumulated depreciation	-	(2,315)	(2,315)
Net book value	5,714	3,193	8,907

b. Lease Liability

Group and corporation	Sewage treatment plant €'000	Motor Vehicles €'000	Total €'000
At 1 January 2023	-	2,036	2,036
Additions	-	2,460	2,460
Interest expense on lease liability	-	76	76
Repayment of lease liability	-	(548)	(548)
As at 31 December 2023	-	4,024	4,024
At 1 January 2024	-	4,024	4,024
Additions	5,714	772	6,486
Interest expense on lease liability	-	223	223
Repayment of lease liability	-	(1,706)	(1,706)
As at 31 December 2024	5,714	3,313	9,027

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7. Right of use asset and lease liability - continued

b. Lease Liability - continued

	2024	2023
	€'000	€'000
Group and corporation		
Non-current		
Lease liability	5,618	2,197
<hr/>		
Current		
Lease liability	3,409	1,827
<hr/>		

The statement of profit or loss and other comprehensive income reflects the following amounts with respect to leases:

	2024	2023
	€'000	€'000
Group and corporation		
Depreciation charge of the right of use assets.	1,549	501
Interest expense on lease liability	223	76
<hr/>		

8. Finance lease receivables

	Group	
	2024	2023
	€'000	€'000
Non-current		
Lease receivable	739	794
<hr/>		
Current		
Lease receivable	58	48
<hr/>		
Amounts receivable under finance leases:		
Year 1	258	256
Year 2	258	256
Year 3	258	256
Year 4	258	256
Year 5	258	256
Onwards	473	729
<hr/>		
Undiscounted lease payments	1,763	2,009
Less: unearned finance income	(966)	(1,167)
<hr/>		
Net investment in the lease	797	842
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8. Finance lease receivables - continued

In 2021, the Group, through the subsidiary, entered into finance leasing arrangements as lessors for certain water dispensers to customers. The average term of finance leases entered into is of 10 years. Generally, these lease contracts do not include extension or early termination options.

The Group and the subsidiary are not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in 'Euro'. Residual value risk on the water dispensers under lease is not significant, because of the existence of a secondary market with respect to these dispensers.

The following table presents the amounts included in profit or loss:

	Group	
	2024	2023
	€'000	€'000
Finance income on the net investment in finance leases	209	215

The subsidiary's finance lease arrangements do not include variable payments. The effective interest rate contracted approximates 24.9% (2023: 24.9%) per annum.

None of the finance lease receivables at the end of the reporting year are past due, and considering the historical default experience and the future prospects of the industries in which the lessees operate, the Directors of the subsidiary consider that no finance lease receivable is impaired.

There has been no change in the estimation techniques or significant assumptions made during the current reporting year in assessing the loss allowance for finance lease receivables.

9. Investments in subsidiaries

	Group		Corporation	
	2024	2023	2024	2023
	€'000	€'000	€'000	€'000
Cost				
At 1 January	1	1	25	6
Additions	-	-	-	19
At 31 December	1	1	25	25

9. **Investments in subsidiaries** - continued

At year end, the Corporation's subsidiaries were the following:

	Registered office	Class of shares held	Percentage of shares held	
			2024 %	2023 %
ClearFlowPlus p.l.c.	Water Services Corporation, Qormi Road, Luqa LQA 9043, Malta.	Ordinary shares	100	100
MaltaEnergy Limited	43/45, Triq il-Kapuccini, Floriana, FRN 1052, Malta.	Ordinary shares	51	51
Malta Developers Green Energy Ltd	Malta Developers Association, Ursuline Street, Gwardamangia, Pieta' PTA 1227, Malta	Ordinary shares	51	51

In accordance with the requirements of Article 170(3) of the Companies Act (Cap. 386 of the Laws of Malta), a subsidiary undertaking may be excluded from consolidation if its inclusion is not material for the purpose of giving a true and fair view.

As at 31 December 2024, the Group comprises a parent company and three (3) subsidiaries. While MaltaEnergy Limited and Malta Developers Green Energy Ltd are held as subsidiary undertakings by the Group, these entities have been excluded from consolidation on the basis that their financial positions and performance are not material to the Group as a whole.

The decision to exclude these subsidiaries was supported by a quantitative assessment comparing their combined total assets, revenue, net profit and equity to the consolidated figures of the Group. The results of this assessment demonstrated that the subsidiaries each represented less than 1% of the respective Group totals, as summarised below:

	MaltaEnergy Limited		Malta Developers Green Energy Ltd	
	2024 €'000	2023 €'000	2024 €'000	2023 €'000
Assets	421	400	143	123
Revenue	415	426	191	187
Net profit/(loss)	58	65	44	54
Equity	27	(31)	63	19

Accordingly, management has concluded that the exclusion of these subsidiaries does not impair the ability of the consolidated financial statements to present a true and fair view of the Group's financial position and performance for the year ended 31 December 2024.

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10. Investment in jointly-controlled entity

	Group		Corporation	
	2024 €'000	2023 €'000	2024 €'000	2023 €'000
Cost				
At 1 January	967	887	125	125
Share of results	41	80	-	-
At 31 December	1,008	967	125	125

The Group's share of results of the jointly-controlled entity, disclosed above and in profit or loss, is reported after tax.

The jointly-controlled entity whose results and financial position affected the figures of the Group, is shown below.

	Registered office	Class of shares held	Percentage of shares held	
			2024 %	2023 %
Automated Revenue Management Services Ltd	Gattard House, National Road, Blata I-Bajda, Hamrun, HMR 9010 Malta	Ordinary shares	50	50

In determining the impact of equity accounting for the investment in the jointly-controlled entity, reference was made to the latest financial information available to the Group as at the reporting date:

	2024 €'000	2023 €'000
Assets	14,952	15,011
Liabilities	14,057	14,276
Revenues	12,786	11,398
Results	82	146

The current and prior year figures are based on unaudited financial information, as the audited financial statements had not yet been issued at the signing date of these financial statements.

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11. Loans receivable

	Group		Corporation	
	2024 €'000	2023 €'000	2024 €'000	2023 €'000
Non-current				
Loans to related entities	217	327	-	-
Current				
Loans to related entities	47	42	-	-

The loans receivable balance is partially represented by €263,710 (2023: €305,283) (exclusive of accrued interest receivable disclosed as part of Note 14) which were advanced to a related entity by way of a loan during 2021. The loan is unsecured, bears interest of 4.5% per annum and is to be paid in full, including the agreed interest, by the year 2028.

During the current period, a loan advanced to a related party in the prior period, amounting to €63,593 (exclusive of accrued interest receivable disclosed as part of Note 14), was fully repaid. The loan was unsecured, bore interest of 4.5% per annum and was scheduled for full repayment, including the agreed interest, by the year 2029.

12. Inventories

	Group		Corporation	
	2024 €'000	2023 €'000	2024 €'000	2023 €'000
Mains and pipes	8,607	9,202	8,558	9,154
Consumables stores and spare parts	13,532	11,930	13,921	12,310
Meters and other inventories	2,200	2,382	2,200	2,382
Total inventories	24,339	23,514	24,679	23,846
Aggregate inventories	27,120	26,266	27,448	26,585
Inventory provisions	(2,781)	(2,752)	(2,769)	(2,739)
Total inventories	24,339	23,514	24,679	23,846

The cost of inventories recognised as expense is appropriately disclosed in Note 27 to the financial statements. During the current financial year, inventory write-downs amounted to €2,781,429 (2023: €2,752,042) for the Group and €2,768,645 (2023: €2,739,258) for the Corporation. These amounts have been charged to profit or loss and are included within 'Administrative expenses in the statement of profit or loss and other comprehensive income.

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13. Financial assets at fair value through profit or loss

	Group and Corporation	
	Level 1 €'000	Total €'000
Fair value at 31 December 2024		
Equity instruments	1,858	1,858
Debt securities	10,455	10,455
Total financial assets at fair value through profit or loss	12,313	12,313

	Group and Corporation	
	2024 €'000	2023 €'000
Year ended 31 December		
At beginning of the year	-	-
Additions	12,254	-
Disposals	(375)	-
Net gain/(loss) from changes in fair value during the year	434	-
At end of year	12,313	-

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14. Trade and other receivables

	Group		Corporation	
	2024 €'000	2023 €'000	2024 €'000	2023 €'000
Non-current				
Amounts due from Government - (Note d)	18,695	20,601	18,695	20,601
Allowance for expected-credit loss on amounts due from Government	(34)	(37)	(34)	(37)
Total non-current trade and other receivables	18,661	20,564	18,661	20,564
Current				
Trade receivables	20,135	21,099	19,223	20,593
Allowance for expected-credit loss on trade receivables	(5,025)	(5,705)	(4,896)	(5,623)
Accrued income - (Note c)	20,547	14,253	20,435	14,253
Allowance for expected-credit loss on accrued income	(379)	(313)	(379)	(313)
Amounts due from Government - (Note d)	2,500	2,500	2,500	2,500
Other receivables	1	96	-	-
Amounts due from subsidiary - (Note a)	-	-	4	440
Amounts due from jointly-controlled entity - (Note b)	27,487	10,129	27,487	10,130
Prepayments	2,315	898	2,306	893
Advanced payments to suppliers	1,246	2,239	1,179	2,221
Total current trade and other receivables	68,827	45,196	67,859	45,094
Total trade and other receivables	87,488	65,760	86,520	65,658

- (a) Amounts due from the subsidiary are unsecured, interest free and repayable on demand.
- (b) Amounts due from jointly-controlled entity are unsecured, interest-free and are repayable on demand.
- (c) Accrued income includes an amount of €20.4 million (2023: €14.2 million) in respect of water units and service charge supplied to customers not yet billed at the year end. This estimate represents 23% (2023: 17%) of the sale of water for the year. This estimation process, which involved reference to bills issued from the new revenue system described in Note 5.1, requires due caution because of the system limitations and required certain assumptions to be made for bills that had not yet been issued at the year end in relation to units consumed during the year. The Corporation determines the expected credit loss allowance on such receivable based on a probability of default ranging between 0.01% to 0.68% and a loss given default of 100%.
- (d) Amounts due from Government represent the Corporation's entitlement to the reimbursement of specific bank borrowings used by the Corporation for capital expenditure purposes. The amount is unsecured, interest-free and is repayable by annual allocations of €3 million as from the 2019 budgeted costs, and €2.5 million as from the 2024 budgeted costs issued by the Ministry for the Environment, Energy and Enterprise (MEEE). The Corporation determines the expected credit loss allowance on these loans based on a probability of default of 0.16% and a loss given default of 100%.

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15. Current tax (liabilities)/assets

	Group		Corporation	
	2024 €'000	2023 €'000	2024 €'000	2023 €'000
As at 1 January	(93)	(202)	9	9
Taxation for the year	(449)	(324)	-	-
Provisional tax paid	476	192	-	-
Settlement tax paid	132	241	-	-
Tax credit	-	-	-	-
	66	(93)	9	9

16. Cash and cash equivalents

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

	Group		Corporation	
	2024 €'000	2023 €'000	2024 €'000	2023 €'000
Cash at bank	27,400	70,096	20,782	66,952
3-month fixed term deposit	27,000	21,000	15,000	-
Cash in hand	8	7	8	7
Cash from investments	99	-	99	-
Allowance for ECL	(87)	(154)	(57)	(116)
Cash and cash equivalents (excluding bank overdrafts)	54,420	90,949	35,832	66,843
Bank overdrafts (Note 20)	(4,036)	(1,632)	(4,036)	(1,632)
Cash and cash equivalents	50,384	89,317	31,796	65,211

(a) The Group and the Corporation had restrictions amounting to €60,382 (2023: €46,790) on cash and cash equivalents.

(b) As at year end, the balances held in term deposits are as follows:

- i. A fixed-term deposit of €12 million (2023: €21 million) held by the subsidiary, having an interest rate of 2.07% per annum and a maturity date of 6 February 2025. This was renewed up to 6 May 2025 with an interest rate at 1.77% per annum.
- ii. A fixed-term deposit of €15 million (2023: Nil) held by the Corporation, having an interest rate of 2.35% per annum and a maturity date of 10 January 2025. This was renewed up to 14 April 2025 with an interest rate at 1.77% per annum.

17. Capital and reserves

Government contribution

Government contribution amounting to €73,142,325 represents converted permanent debenture stock by virtue of amendments to the Water Services Corporation Act, passed through Act XXVII of 2007, whereby Article 35 of the Water Services Corporation Act has been deleted.

Other reserve

During 2023, the subsidiary has capitalised €226,709 of its profits from retained earnings to add its share capital.

Pension contribution reserve

Pension contribution reserve represents the movement in remeasurements of post-employment benefit obligations due to actuarial assumptions (refer to Note 23.2).

18. Bond borrowings

	Group	
	2024	2023
	€'000	€'000
Non-current		
250,000 4.25% Bonds 2033	24,578	24,529
Carrying amount at 1 January	24,529	-
Bond issuance	-	24,529
Amortisation of bond	49	-
Carrying amount at 31 December	24,578	24,529

By virtue of a Prospectus dated 20 July 2023, the subsidiary (the Issuer) issued 250,000 bonds with a face value of €100 each. The bonds have a coupon interest of 4.25% which is payable annually on 25 August. The bonds are guaranteed through the joint and several guarantee of the Guarantor (being, the parent company, Water Services Corporation) in terms of the guarantee dated 20 July 2023. The bonds were admitted on the Official List of the Malta Stock Exchange on 21 August 2023. The quoted market price as at year end for the bonds was €99.50 which in the opinion of the Directors fairly represents the fair value of these financial liabilities.

In accordance with the provisions of the Prospectus, the proceeds from the bond issue are to be used by the Issuer to provide a loan facility to the Guarantor (as stated in Note 21) in order to carry out a number of Eligible Green Projects, as described in detail within the Prospectus.

The bonds are measured at the amount of the net proceeds adjusted for the amortisation of the difference between the net proceeds and the redemption value of such bonds, using the effective yield method as follows:

18. Bond borrowings - continued

	Group	
	2024	2023
	€'000	€'000
Original face value of bonds issued	25,000	25,000
Gross amount of bond issue costs	(488)	(488)
Accumulated amortisation	66	17
Unamortised bond issue costs	<u>(422)</u>	<u>(471)</u>
Amortised cost and closing carrying amount of the bonds	<u>24,578</u>	<u>24,529</u>

This note provides information about the contractual terms of the Group's borrowings. For more information about the Group's exposure to liquidity and interest rate risk see Note 4.

19. Trade and other payables

	Group		Corporation	
	2024	2023	2024	2023
	€'000	€'000	€'000	€'000
Non-current				
Deferred income	126	142	-	-
Advance payments from customers	83	93	-	-
Total non-current other payables	<u>209</u>	<u>235</u>	<u>-</u>	<u>-</u>
Current				
Trade payables	11,776	7,795	11,771	7,659
Other payables	19,315	24,088	22,532	24,811
Movement in the pension provision contributions (Note 23)	7,717	7,266	7,717	7,266
Indirect taxation and social security	1,332	1,284	317	463
Accruals	58,145	32,302	58,049	32,237
Deferred income	3,356	841	-	-
Advance payments from customers	14	14	-	-
Bond accrued interest payable	376	416	-	-
Loan accrued interest payable	-	-	294	456
Total current trade and other payables	<u>102,031</u>	<u>74,006</u>	<u>100,680</u>	<u>72,892</u>
Total trade and other payables	<u>102,240</u>	<u>74,241</u>	<u>100,680</u>	<u>72,892</u>

Accruals include an amount of €36,865,186 (2023: €17,401,489), resulting from a change in the electricity billing methodology by the jointly controlled entity, which led to a delay in the issuance of actual invoices as at year-end.

20. Bank borrowings

	Group and Corporation	
	2024	2023
	€'000	€'000
Current		
Bank loans	2,613	4,623
Bank overdrafts	4,036	1,632
Total current borrowings	6,649	6,255
Non-current		
<i>Bank loans</i>		
Between 1 and 5 years	9,823	27,111
Over 5 years	2,502	2,502
Total non-current borrowings	12,325	29,613
Total borrowings	18,974	35,868
<i>Interest rate exposure</i>		
At floating rates	18,974	35,868
Total borrowings	18,974	35,868

At year end, the Group and the Corporation had aggregate bank facilities of €18,974,250 (2023: €35,868,445).

The total borrowings balance is made up of three principal bank loans.

- i. The first bank loan of €14,938,285 (2023: €17,511,766) is split into four tranches, with the initial tranche taken out in 2008. Repayments commenced on 15 December 2012 and will continue until 20 September 2032. The loan carries an interest rate between 3.08% and 4.72%. This facility is reimbursed by the Government as detailed in Note 14 (d).
- ii. During 2024, the second bank loan, which was advanced in 2018, and amounting to €13,725,000, was fully repaid. This bank loan bore interest at 1.6% per annum over the 3-month EURIBOR rate, and was scheduled for full repayment, including the agreed interest, by 30 July 2026.
- iii. During 2024, the third bank loan, which was advanced in 2023, and amounting to €3,000,000 was fully repaid. The bank loan bore interest at 1.6% per annum over the 3-month EURIBOR rate, and was scheduled for full repayment, including the agreed interest, by 30 July 2026.

In addition, the Group and the Corporation's bank balance as at 31 December 2024 is overdrawn with a balance of €4,035,965 which is repayable on demand. The bank overdraft is charged interest at 1.6% per annum over the 3-month EURIBOR rate.

21. Loan from subsidiary

	Corporation	
	2024	2023
	€'000	€'000
Non-current		
Loan from subsidiary	7,470	1,681

In 2024, the subsidiary advanced a loan to the Corporation of €7,469,890 (2023: €1,680,559) (exclusive of accrued interest payable disclosed as part of Note 19). During the year ended 31 December 2024, loan tranches amounting to €5,789,331 were advanced from the subsidiary to the Corporation. This loan was financed from the proceeds of the bond issue which the subsidiary issued during 2023. The loan will be used by the Corporation, the 'Guarantor', in a number of Eligible Green Projects. The loan is unsecured, bears interest at 4.75% per annum and is to be paid in full, including the agreed interest by the year 2033.

22. Deferred Government grants

	Group and Corporation	
	2024	2023
	€'000	€'000
As at 1 January	257,565	204,978
Subsidies recognised during the year (Note 26)	46,369	85,571
Transfer to profit or loss (Note 26)	(35,449)	(32,984)
	268,485	257,565
Current	14,747	13,210
Non-current	253,738	244,355
At 31 December	268,485	257,565

23. Provisions for other liabilities and charges

23.1 Provisions for legal claims

	Group and Corporation	
	2024	2023
	€'000	€'000
Non-current		
As at 1 January	2,646	4,215
Reversals	(1,838)	(1,569)
As at 31 December	808	2,646

23. Provisions for other liabilities and charges - continued

23.1 Provisions for legal claims - continued

The amounts shown comprise gross provisions in respect of legal claims brought against the Group and the Corporation. In the opinion of the Directors, after taking appropriate legal advice, the outcome of the outstanding legal claims will not give rise to any significant loss beyond the amounts provided at the end of the reporting year end. Furthermore, it is unlikely that these claims will be settled within twelve months from the end of the reporting year end. Accordingly, they are being classified as non-current.

23.2 Pensions and other post-employment benefit plans

	Group and Corporation	
	2024	2023
	€'000	€'000
Obligations for pension benefits		
As at 1 January	11,070	10,748
<i>Credited to other comprehensive income</i>		
Movement in remeasurements of post-employment benefits obligations due to actuarial assumptions	508	371
<i>Charged to profit or loss</i>		
Interest and current service costs	(185)	(49)
As at 31 December	11,393	11,070
Current (Note 19)	7,717	7,266
Non-current	3,676	3,803
As at 31 December	11,393	11,069

A pension scheme set up in accordance with the Pensions Ordinance, 1937 falls under the category of 'Defined Benefit Plan' within the scope of IAS 19, Employee Benefits. A defined benefit plan defines an amount of pension benefit that an employee will receive on retirement. As originally provided for in the Pensions Ordinance, 1937, this amount is dependent upon an employee's final compensation upon retirement, as well as completed months of service. Furthermore, qualifying employees must have worked for Government for a minimum of 10 years, been employed by Government prior to 1979 and must have remained in service with Water Services Corporation until retirement (the vesting period), in order to be unconditionally eligible to receive a pension under the scheme.

23. Provisions for other liabilities and charges - continued

23.2 Pensions and other post-employment benefit plans - continued

The principal actuarial assumptions used were as follows:

(a) Discount rates

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rate yields for Malta Government Stocks that have terms to maturity approximating the terms of the related pension liability. As at 31 December 2024, the weighted average discount rate used was 2.81% (2023: 3.01%).

(b) Future salary increases

Water Services Corporation employees are remunerated on the basis of salary scales in accordance with collective agreements. Future salary increases have been estimated on a basis consistent with the natural progression of an employee's salary in line with the Group's salary scales, past experience and market conditions.

(c) Mortality assumptions

Assumptions regarding future mortality experience are set based on published mortality tables in the UK and in Malta, which translate into an average life expectancy ranging between 85 and 88 years (2023: 85 and 88 years) depending on the age and gender of the beneficiaries.

24. Other borrowings

	Group and Corporation	
	2024	2023
	€'000	€'000
Current		
Within 1 year	205	202
	205	202
Non-current		
Between 1 and 5 years	1,076	1,059
Over 5 years	1,525	1,747
	2,601	2,806
	2,806	3,008

Other borrowings relate to a government loan which is unsecured, interest-free and to be repaid at €250,000 per annum.

WATER SERVICES CORPORATION
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25. Revenue

The Group and the Corporation's main source of revenue is derived from the acquisition, production, distribution and sale of water for domestic, industrial and commercial use. The Group and the Corporation's revenue is also derived from the treatment and disposal or re-use of sewage, waste water and storm water.

	Group		Corporation	
	2024 €'000	2023 €'000	2024 €'000	2023 €'000
Sale of water	89,644	83,213	89,644	83,213
Ancillary services, related and other income	11,947	8,247	10,658	7,028
	101,591	91,460	100,302	90,241

26. Government subsidies

Government subsidies represent contributions by Government towards subsidising the cost of providing water and a waste water system to the consumer. Net movement for the year is as follows below:

	Group and Corporation	
	2024 €'000	2023 €'000
<i>Subsidies recognised during the year attributable to:</i>		
Recurrent expenditure	20,756	20,893
Capital expenditure (Note 22)	25,613	64,678
	46,369	85,571
<i>Subsidies credited to profit or loss during the year:</i>		
Recurrent expenditure	20,755	20,893
Deferred government grants (Note 22)	14,694	12,091
As at 31 December	35,449	32,984

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27. Expenses by nature

	Group		Corporation	
	2024 €'000	2023 €'000	2024 €'000	2023 €'000
Employee benefit expense - (Note 27.1)	35,810	34,134	35,810	34,134
Directors' remuneration - (Note 27.1)	168	135	123	127
Depreciation and amortisation - (Notes 6, 7 and 18)	22,672	20,824	22,613	20,795
Movement in ECL allowance - (Notes 14 and 16)	(604)	(725)	(643)	(752)
Movement in legal provision - (Note 23)	(1,839)	(1,631)	(1,839)	(1,631)
Movement in inventory provisions - (Note 12)	29	(203)	29	(200)
Electricity	19,473	17,369	19,473	17,369
Repairs and maintenance	15,285	15,098	15,277	15,056
Material consumed	6,022	7,488	5,683	6,371
Waste disposal	4,339	2,503	4,339	2,503
Management fees	5,502	4,873	5,502	4,873
Transport costs	1,329	2,060	1,329	2,060
Professional fees	304	328	304	328
Annual statutory audit	54	54	44	44
Other expenses	6,411	3,629	6,154	3,091
	114,955	105,936	114,198	104,168

Auditor's fees

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

	Group		Corporation	
	2024 €'000	2023 €'000	2024 €'000	2023 €'000
Annual statutory audit	54	54	44	44

WATER SERVICES CORPORATION
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27. Expenses by nature - continued

27.1 Employee benefit expense

	Group		Corporation	
	2024	2023	2024	2023
	€'000	€'000	€'000	€'000
Wages and salaries (including Directors' remuneration)	33,597	32,050	33,597	32,050
Social security costs	2,336	2,211	2,336	2,211
Cost of service pensions payable to Government	(185)	(49)	(185)	(49)
	35,748	34,212	35,748	34,212

	Group		Corporation	
	2024	2023	2024	2023
Average number of employees	1,039	1,053	1,039	1,053

	Group		Corporation	
	2024	2023	2024	2023
	€'000	€'000	€'000	€'000
<i>Directors' remuneration</i>				
Salaries and other emoluments	168	135	123	127

28. Finance income

	Group		Corporation	
	2024	2023	2024	2023
	€'000	€'000	€'000	€'000
Imputed interest on amounts due from Government	594	670	594	670
Interest on outstanding trade receivables	418	519	418	519
Lease interest income	683	343	-	-
Foreign exchange gains	434	-	434	-
	2,129	1,532	1,446	1,189

29. Finance costs

	Group		Corporation	
	2024	2023	2024	2023
	€'000	€'000	€'000	€'000
Bank interest	722	1,645	1,887	2,102
Lease interest	223	76	223	76
Other interest	1,278	647	216	230
As at 31 December	2,223	2,368	2,326	2,408

30. Tax expense

	Group		Corporation	
	2024 €'000	2023 €'000	2024 €'000	2023 €'000
Current taxation	450	324	1	-

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

	Group		Corporation	
	2024 €'000	2023 €'000	2024 €'000	2023 €'000
Profit before tax	22,217	17,801	20,858	17,887
Tax at 35%	7,776	6,231	7,300	6,260
Tax effect of:				
Movement in temporary differences arising on PPE	(600)	(997)	(600)	(997)
Movement arising on provisions	(909)	(911)	(923)	(921)
Expenses not deductible for tax purposes	(5,521)	(3,795)	(5,573)	(4,161)
Interest income not taxed at source	(204)	-	(204)	-
Interest income taxed at source	(93)	(204)	-	(182)
Current taxation	450	324	-	-

No income taxation has been provided in the Corporation's financial statements in view of the Corporation's unabsorbed losses and capital allowances. As at year end, unabsorbed trading losses and capital allowances for which no deferred tax asset is recognised amounted to €115,815,102 (2023: €201,839,892).

31. Cash generated from operations

Reconciliation of operating profit to cash generated from operations:

	Group		Corporation	
	2024 €'000	2023 €'000	2024 €'000	2023 €'000
Profit before taxation	22,217	17,801	20,857	17,887
Adjustments for:				
Depreciation and amortisation - (Note 6, 7 and 18)	22,668	20,824	22,614	20,795
Movement in provision for other liabilities and charges - (Note 23)	(1,516)	(1,247)	(1,516)	(1,247)
Movement in provision for ECL - (Note 14)	(617)	(842)	(664)	(835)
Movement in post-employment benefits obligations - (Note 23)	(508)	(371)	(508)	(371)
Movement in lease obligations - (Note 7)	(1,706)	(548)	(1,706)	(548)
<i>Changes in working capital:</i>				
Inventories (Note 12)	(825)	807	(833)	809
Trade and other receivables (Note 14)	(21,111)	(6,046)	(20,198)	(15,853)
Trade and other payables (Note 19)	27,548	28,387	27,336	37,653
Cash generated from operations	46,150	58,765	45,382	58,290

32. Capital commitments

The Group and Corporation have commitments for capital expenditure, not provided for in these financial statements, in relation to long-term investment plans that include the improvement of the performance and condition of their assets up to statutory standards.

	Group and Corporation	
	2024 €'000	2023 €'000
Authorised but not contracted for	51,122	28,696

33. Contingencies

As at the end of the reporting year, the Group and the Corporation were exposed to a number of claims by third parties, including legal proceedings, arising in the ordinary course of its activities. These contingencies may include claims from third parties for compensation due to damages and claims made by the Group and the Corporation's employees for compensation due to injuries incurred during the discharge of their duties, the value of which should be recoverable from insurers.

33. Contingencies - continued

As described in Note 5.3, although the Group and the Corporation have provided for on critical estimate of potential future provision obligations, discussions are still underway with Government on the extent of the amounts that may in fact be finally due. Accordingly, due to the inherent uncertainty in this evaluation process, actual costs may be different from the estimated provision for future pension obligations that is recognised in these financial statements. It is not anticipated that any material liabilities will arise from the Group and the Corporation's exposure to these contingencies other than those that have been provided for in these financial statements (Note 23). The Directors' assessment was based on the information that was available to them at the time of reporting, including consideration of legal advice as may be appropriate. No disclosure is made for contingent liabilities where the likelihood of payment is not probable.

34. Related party transactions

The Group and the Corporation are owned and controlled by the Government of Malta. The Corporation makes supplies in the ordinary course of business to the Government of Malta, its departments and agencies, public sector corporations, local councils and other entities owned and/or controlled by Government.

The Directors consider that the following significant transactions with Government and Government related entities should be disclosed:

Corporation	2024	2023
	€'000	€'000
Statement of profit or loss and other comprehensive income		
Sales of goods held for resale and provision of services		
- Subsidiary	526	556
- Jointly-controlled entity	187	150
- Related entities	5,001	3,302
	<hr/>	<hr/>
Interest expense on loan payable		
- Subsidiary	1,165	456
	<hr/>	<hr/>
Management fees charged to		
- Subsidiary	255	255
	<hr/>	<hr/>
Cost of goods sold		
- Subsidiary	21	13
- Jointly-controlled entity	5,602	6,534
- Related entities	21,327	16,281
	<hr/>	<hr/>

WATER SERVICES CORPORATION
Annual Report and Consolidated Financial Statements - 31 December 2024

34. Related party transactions - continued

Corporation	2024	2023
	€'000	€'000
Statement of financial position		
Amounts payable to		
- Related entities	2,715	5,432
Accrued interest income payable		
- Subsidiary	293	456
Loan payable to		
- Subsidiary	7,470	1,681
Amounts receivable from		
- Subsidiary	4	440
- Related entities	1,110	594
- Jointly-controlled entity	27,486	10,129

35. Statutory information

Water Services Corporation is a body corporate established in Malta by virtue of the Water Services Corporation Act, (Cap. 355) of the Laws of Malta.

36. Comparative information

Comparative figures disclosed in the main components of these financial statements have been reclassified to conform with the current year's disclosure format for the purpose of compliance with the IFRSs as adopted by the EU and the requirements of the Companies Act (Cap. 386).

WATER SERVICES CORPORATION
Detailed Statement of Profit or Loss and Other Comprehensive Income - 31 December 2024

Income statement

	Pages	Group		Corporation	
		2024 €'000	2023 €'000	2024 €'000	2023 €'000
Revenue		101,591	91,460	100,302	90,241
Government subsidies		35,449	32,984	35,449	32,984
Operating costs - water	62	(48,217)	(44,242)	(47,870)	(43,083)
Operating costs - waste water	63	(30,982)	(29,983)	(30,982)	(29,983)
Administrative expenses	64	(35,756)	(31,711)	(35,346)	(31,102)
Provision for cost of service pensions payable to Government		185	49	185	49
Operating profit		22,270	18,557	21,738	19,106
Share of results of jointly-controlled entity		41	80	-	-
Finance income		2,129	1,532	1,446	1,189
Finance costs		(2,223)	(2,368)	(2,326)	(2,408)
Profit before taxation		22,217	17,801	20,858	17,887

This page does not form part of the statutory financial statements.

WATER SERVICES CORPORATION

Detailed Statement of Profit or Loss and Other Comprehensive Income - 31 December 2024

Operating costs - water

	Group		Corporation	
	2024	2023	2024	2023
	€'000	€'000	€'000	€'000
Production costs				
Electricity charge	14,551	12,640	14,551	12,640
Wages and salaries	3,312	3,208	3,312	3,208
Repairs and maintenance	863	674	884	632
Materials consumed	1,627	2,326	1,259	1,209
Depreciation of property, plant and equipment	3,433	2,748	3,433	2,748
Telecommunication costs	14	11	14	11
Transport costs	80	99	80	99
Postage, printing and stationery	6	5	6	5
Professional fees	2	10	2	10
Travelling and entertainment	(2)	9	(2)	9
General expenses	12	23	12	23
Insurance	3	3	3	3
Licences and permits	5	2	5	2
Rent	-	-	-	-
Security charges	-	-	-	-
	23,906	21,758	23,559	20,599
Distribution costs				
Electricity charge	217	261	217	261
Wages and salaries	9,789	9,205	9,789	9,205
Repairs and maintenance	4,498	3,842	4,498	3,842
Materials consumed	492	426	492	426
Depreciation of property, plant and equipment	8,517	7,749	8,517	7,749
Telecommunication costs	50	33	50	33
Transport costs	242	585	242	585
Professional fees	38	11	38	11
Postage, printing and stationery	29	22	29	22
Travelling and entertainment	26	12	26	12
General expenses	41	51	41	51
Insurance	5	8	5	8
Licences and permits	292	341	292	341
Security charges	59	(76)	59	(76)
Rent	16	14	16	14
	24,311	22,484	24,311	22,484
Total operating costs - water	48,217	44,242	47,870	43,083

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Operating costs - waste water

	Group and Corporation	
	2024	2023
	€'000	€'000
Electricity charge	4,588	4,337
Wages and salaries	7,525	6,869
Repairs and maintenance	2,135	3,411
Waste disposal and related costs	4,179	2,326
Materials consumed	3,301	4,129
Depreciation of property, plant and equipment	8,403	8,017
Telecommunication costs	22	18
Transport costs	520	641
Postage, printing and stationery	16	13
Professional fees	29	88
Security charges	83	12
Travelling and entertainment	13	6
General expenses	46	64
Insurance	39	35
Licences and permits	32	15
Rent	51	2
Total operating costs - waste water	30,982	29,983

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WATER SERVICES CORPORATION

Detailed Statement of Profit or Loss and Other Comprehensive Income - 31 December 2024

Administrative expenses

	Group		Corporation	
	2024	2023	2024	2023
	€'000	€'000	€'000	€'000
Wages and salaries	15,184	14,851	15,184	14,851
Directors' remuneration	168	135	123	127
Auditor's remuneration	52	54	44	44
Management fees	5,502	4,873	5,502	4,873
Depreciation of property, plant and equipment	2,319	2,311	2,260	2,283
Loss on disposal	32	2	32	2
Movement in ECL allowance	(604)	(725)	(643)	(752)
Movement in legal provision	(1,839)	(1,631)	(1,839)	(1,631)
Bad debts	1,753	764	1,753	764
Penalties	-	-	-	-
Movement in inventory provision	29	(203)	29	(200)
Postage, printing and stationery	78	115	78	115
Repairs and maintenance	7,850	7,290	7,850	7,290
Materials consumed	630	607	630	607
Rent	126	118	126	118
General expenses	1,200	1,280	941	741
Professional fees	389	275	389	275
Transport costs	233	561	233	561
Telecommunication costs	151	103	151	103
Insurance	232	176	232	176
Licences	1,843	276	1,843	276
Electricity charge	117	131	117	131
Waste water quality	6	70	6	70
Advertising and promotional costs	49	30	49	30
Staff costs	44	46	44	46
Travelling and entertainment	205	194	205	194
Realised exchange difference	7	8	7	8
Total administrative expenses	35,756	31,711	35,346	31,102

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