

Water Services Corporation

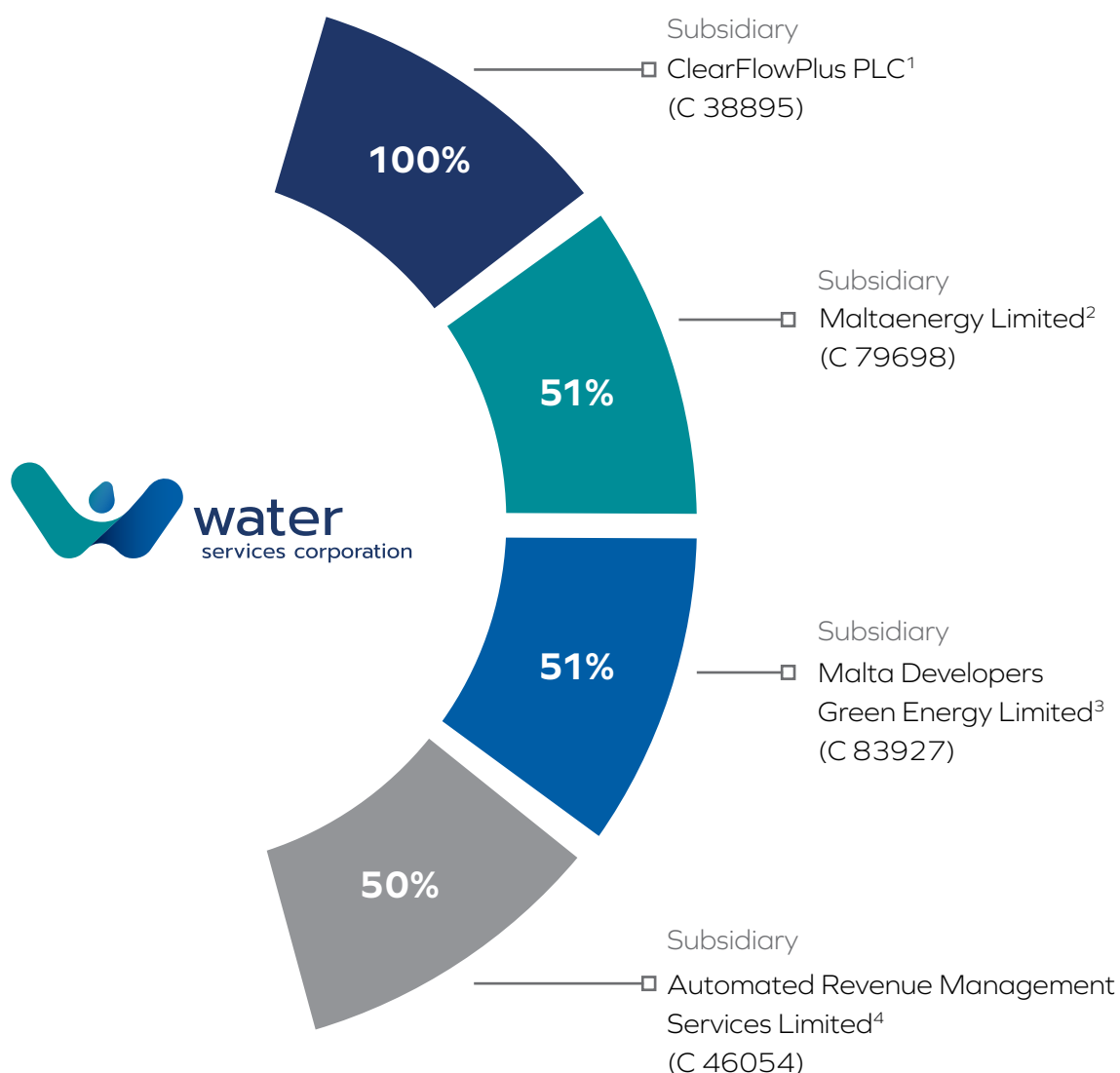
Annual Report 2025



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Group Structure



Notes

1. ClearFlowPlus p.l.c 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 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.



Ms Silvana Mifsud
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 Juanita Agius Galea
Director



Mr Ethelbert Schembri
Director

Mr Ethelbert Schembri, 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.



Ms Mirana Agius Silvio
Director

Ms Mirana Agius Silvio is an experienced educational leader with over 20 years of professional experience in education, media and sport. She serves as Deputy Head of School at St Benedict College, where she has held a senior leadership role for the past eight years, contributing to school development, staff professional learning, and the overall quality of teaching and learning. She graduated from the University of Malta in 2002 and later obtained a Master's Degree in Educational Leadership and Management in 2020. In parallel, Ms Agius Silvio is actively involved in sports media and administration. She is currently the Media Officer for the Malta Women's National Team and has been a long-standing contributor to sports broadcasting. In 2019, she represented Malta at the Summit of the Two Shores, participating in forums held in Malta, Tunis, and Marseille.

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.



Ing. Raymond Azzopardi
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.



Ms Marion Parnis
Director



Dr Joseph Gerada
Director

Dr Joseph Gerada holds a Bachelor of Education (Hons.) and graduated Doctor of Laws (LL.D.) from the University of Malta in 2014. He was admitted to the Maltese Bar in 2015.

In 2012, he was appointed Director of Fairwinds Management Ltd., a corporate services provider, where he developed extensive experience in commercial and company law and gained exposure to the financial services sector.

In 2013, Dr Gerada joined MIMCOL as a legal advisor, contributing to economic and investment policy development and strengthening his expertise in both European and national legislative frameworks. During this period, he also undertook policy drafting, investment promotion, and public relations assignments for the Ministry for the Economy, Investment and Small Business, representing the Ministry locally and abroad.

In 2015, he co founded AGG Advocates, focusing on corporate and commercial law, including company formation, contract drafting, employment law, GDPR compliance, EU law, and company restructuring. He also represents clients in civil and criminal litigation.

On 1 June 2019, he was appointed Regulator of the Family Business Office, a role he continues to hold and in which he is currently serving his third term. In April 2020, he established the Legis Services Malta Consortium as lead partner, creating a network of legal professionals serving diverse public and private sector clients.

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-Alfabet tal-Kodiċi Ċivili and L-Alfabet tal-Kodiċi ta' Organizzazzjoni u Proċedura Ċivili, by the late Judge Emeritus Philip Sciberras.

Andrew has served as an Assistant on the Administrative Review Tribunal (Transport Panel) for a period of twelve years. 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.



Dr Andrew Sciberras
Board Secretary

CEO's Statement



Financial Year 2025 was a year of delivery. Across every dimension of our work — infrastructure, operations, public engagement, and workforce development — the Water Services Corporation moved forward with purpose and produced results that are visible and measurable.

Revenue grew to €145.15 million, up from €135.75 million in 2024. Water sales reached a record €95.3 million, supported by higher consumption levels and the continued usage of our smart metering and billing operations. Total assets stood at €621.14 million at year end, reflecting sustained capital investment across Malta and Gozo. Operating profit moderated to €10.92 million compared to the exceptionally strong result in 2024, reflecting deliberate reinvestment rather than any weakness in our financial position. The Corporation entered new workforce agreements, commissioned major assets, and continued strengthening the balance sheet.

The inauguration of the Bulebel Net-Zero Carbon Warehouse was one of the defining moments of the year. This €7.2 million facility is not simply a logistics upgrade. It is a strategic investment in our ability to respond faster, plan better, and serve the country with greater reliability. It also reflects our commitment to reducing our environmental footprint as an organisation.

Perhaps the most significant public milestone of 2025 was the launch of the Iftah u l-xrob campaign in March. For years, WSC has been investing in the infrastructure needed to transform the quality and consistency of tap water across Malta and Gozo. That work reached a point in 2025 where we could speak to the public with confidence and with data to back every claim. Chloride and chlorine levels reduced by 30 percent. A unified water quality zone established for the first time. Reverse osmosis accounting for over 70 percent of supply. Malta ranked among the top 20 countries in the world for tap water safety.

The public response has been tangible. Malta recorded one million fewer plastic water bottles produced in 2025 compared to the same period in 2024. That translates to 1.75 million litres of bottled water that households chose not to purchase. People are opening their taps with more confidence, and that shift in behaviour is a direct consequence of the infrastructure improvements we have made and the honest, evidence-based communication that accompanied them. Iftah u l-xrob is not the end of that conversation. It is the foundation for an ongoing dialogue with the public about the water they drink every day.

2025 was also a significant year for our people. WSC delivered 7,548 hours of training to 823 employees, and a new six-year Collective Agreement, worth €35 million, was signed with the General Workers' Union, providing stability and a clear framework for the years ahead. These are not peripheral achievements. They are investments in the human capacity that makes everything else possible.



Malta recorded one million fewer plastic water bottles produced in 2025 compared to the same period in 2024

Our operational teams continued to manage a complex and demanding environment, responding to network incidents, upgrading infrastructure, and maintaining service continuity across the islands. Customer satisfaction across all contact channels reached 77.4 percent, and the expansion of digital service options has made it easier for customers to reach us on their terms.

Looking ahead, we carry the momentum of 2025 into a programme of continued investment. The groundwork laid over the past several years, in our networks, our people, our systems, and our public trust, puts WSC in a strong position to meet the demands of a growing country and a changing climate. We will continue to hold ourselves to high standards and report on our progress with transparency.

I want to thank every member of the WSC team for their contribution to what we achieved in 2025, and I want to thank the Board for their guidance and oversight throughout the year.

KARL CILIA

Chief Executive Officer

Water Services Corporation

Finance and Administration Report





Finance and Administration Report

Financial Year 2025 represented another defining year in the Water Services Corporation's structural transformation journey. While operating within a tighter margin environment compared to 2024, the Corporation maintained revenue growth, accelerated capital deployment, reinforced financial governance, and executed two landmark strategic initiatives: the inauguration of the Bulebel Net-Zero Carbon Warehouse and the signing of a new six-year Collective Agreement with the General Workers' Union.

	2020	2021	2022	2023	2024	2025
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Sale of Water	71,312	72,547	76,624	83,213	89,644	97,050
Other Income	4,224	4,811	4,077	7,028	10,658	10,417
Subsidies and Deferred Income	30,139	30,257	32,530	32,984	35,449	37,361
Revenue	105,675	107,615	113,231	123,225	135,751	144,828
Administrative Expenses	(26,592)	(29,973)	(30,316)	(31,102)	(35,346)	(44,197)
Operating Costs - Water	(40,364)	(41,763)	(42,601)	(43,083)	(47,870)	(52,816)
Operating Costs - Wastewater	(28,294)	(29,139)	(29,709)	(29,983)	(30,982)	(40,938)
Provision of Service Pension	455	589	1,290	49	185	304

Total Cost	(94,795)	(100,286)	(101,336)	(104,119)	(114,013)	(137,951)
Operating Profit	10,880	7,329	11,896	19,106	21,738	7,181
Finance Income	1,497	1,466	1,376	1,189	1,446	2,045
Finance Cost	(1,845)	(1,724)	(1,590)	(2,408)	(2,326)	(2,338)
Net Profit	10,532	7,071	11,682	17,887	20,857	6,875
Total Assets	439,134	447,131	453,576	542,501	589,253	624,028
Total Equity	125,730	132,245	143,498	161,014	181,363	187,759
Quick Ratio	1.0 times	0.8 times	0.6 times	1.8 times	0.9 times	0.7 times
Net Gearing	33.7%	34.7%	33.8%	-16.3%	-3.6%	3.9%
Net Debt/ Operating Profit	3.9 x	6.3x	4.1x	-1.17x	-0.3x	1.02x
Return on Asset	2.9%	1.60%	2.59%	3.59%	3.67%	1.18%

Table 1 Corporation's Financial Standing: 2020 till 2025

Turnover increased to EUR 144.8 million (FY2024: EUR 135.8 million), reflecting a 6.7% year-on-year improvement. Revenue from water sales and other income reached EUR 107.5 million (FY2024: EUR 99.5 million), an 8% increase on the prior year, fuelled by higher consumption levels and the continued progress of the Corporation's smart meter replacement programme. Of the total revenue, EUR 97.1 million (FY2024: EUR 89.6 million) was directly attributed to water sales, an 8.3% year-on-year uplift, while other income reached EUR 10.4 million (FY2024: EUR 10.7 million), underpinned by the sustained momentum of the farm waste treatment activity. A detailed breakdown

of water sales by category is provided in the accompanying chart.

This growth was achieved alongside deliberate reinvestment in infrastructure reliability, workforce stability, and sustainability-linked capital programmes. Operating profit stood at EUR 7.2 million (FY2024: EUR 21.5 million), with net profit for the year closing at EUR 6.9 million (FY2024: EUR 20.9 million). While profitability moderated relative to the exceptionally strong FY2024 result, the 2025 outcome is the deliberate and anticipated consequence of a major investment cycle, a reflection of strategic reinvestment rather than structural weakness.

Sale of Water by Category: Year-on-year

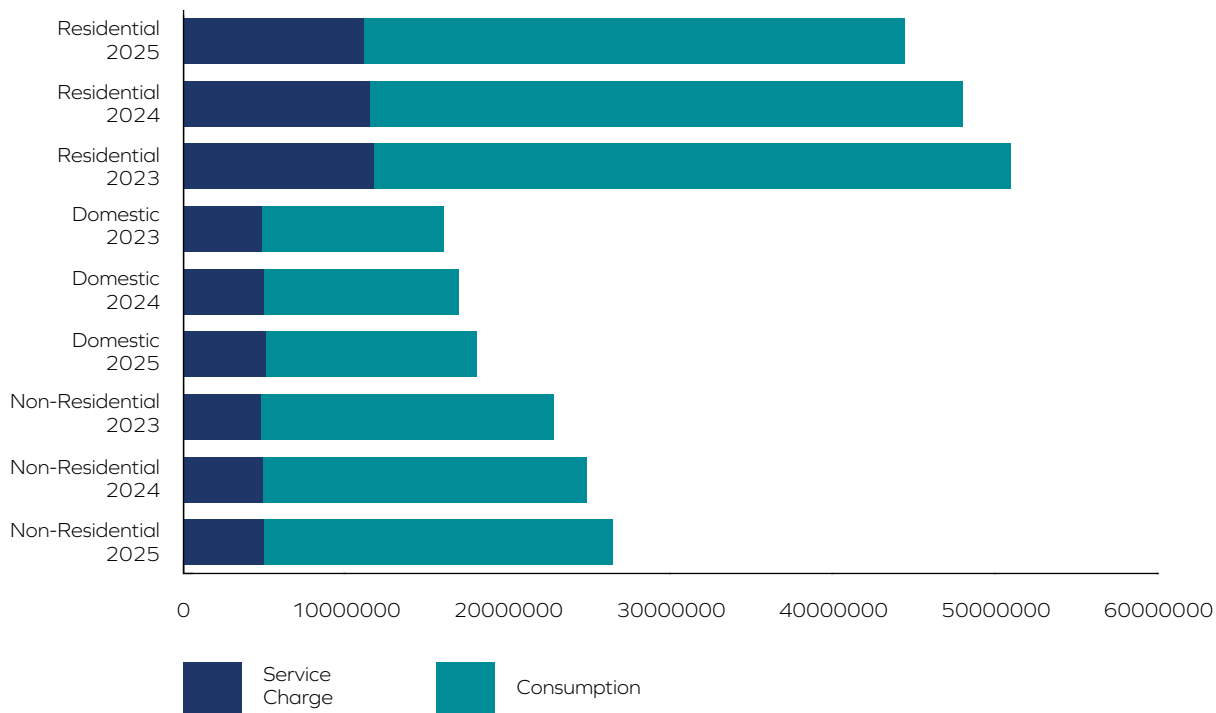


Figure 1 Sale of Water Rev by categories y-o-y

Expenditure growth was principally driven by three factors:

- Workforce costs aligned with the newly agreed remuneration framework
- Intensified repairs and maintenance programmes aimed at infrastructure resilience, particularly related to wastewater infrastructure.
- Higher depreciation following the commissioning of major capital assets

From a balance-sheet perspective, total assets grew to EUR 624.0 million (FY2024: EUR 589.3 million), with property, plant and equipment reaching EUR 494.9 million (FY2024: EUR 424.9 million), reflecting the significant step-up in capital deployment during the year. A highlight of WSC’s investment discipline was the continued growth of its portfolio held with Bank of

Valletta, which has delivered a return of 5.57% since inception. Equity strengthened to EUR 187.8 million (FY2024: EUR 181.4 million), maintaining a solid capital base. Liquidity remained adequate despite the significant cash absorption associated with capital execution at record scale.

Working capital metrics improved meaningfully. Accrued income reduced significantly, reflecting improved billing cycles, while debtor days improved from 75 days as at the end of FY2024 to 72 days in FY2025 despite higher revenue volumes. These indicators confirm strengthened revenue assurance discipline, a cornerstone of financial sustainability.

Revenue and Debt Management

The Revenue & Debtor-Management section delivered total collections of EUR 1.5 million

Expenditure by Category: Year-on-year

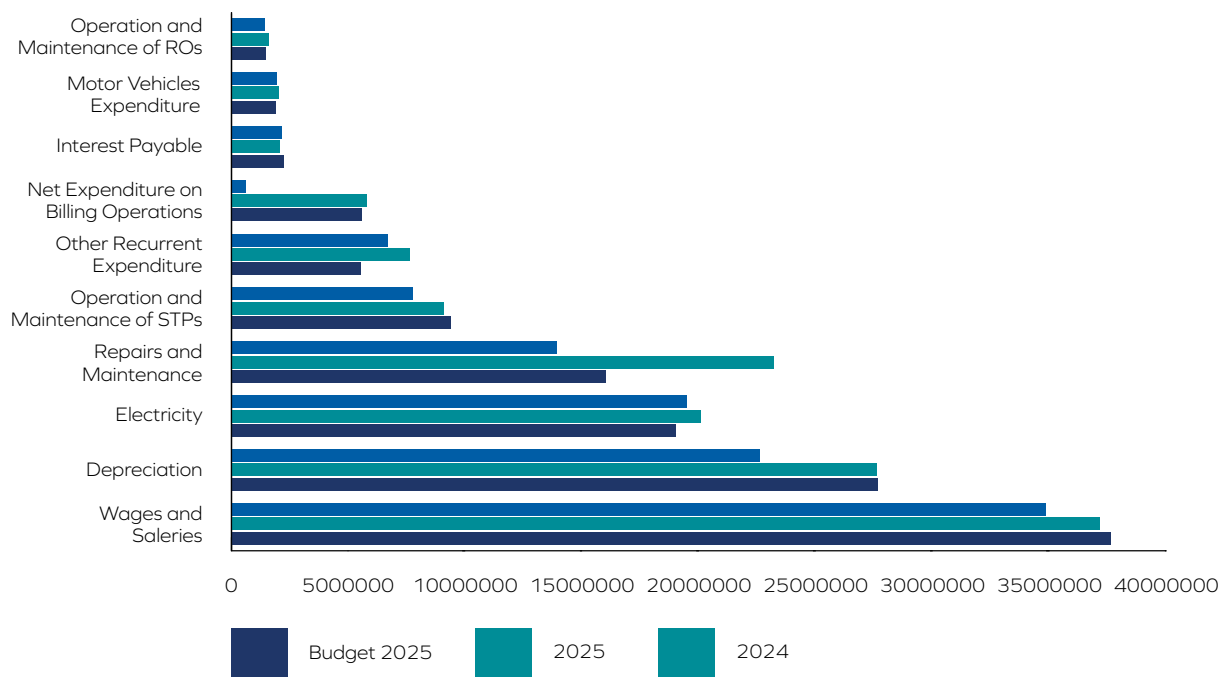


Figure 2 Expenditure by Category y-o-y

Collections vs Billed: Year-on-year

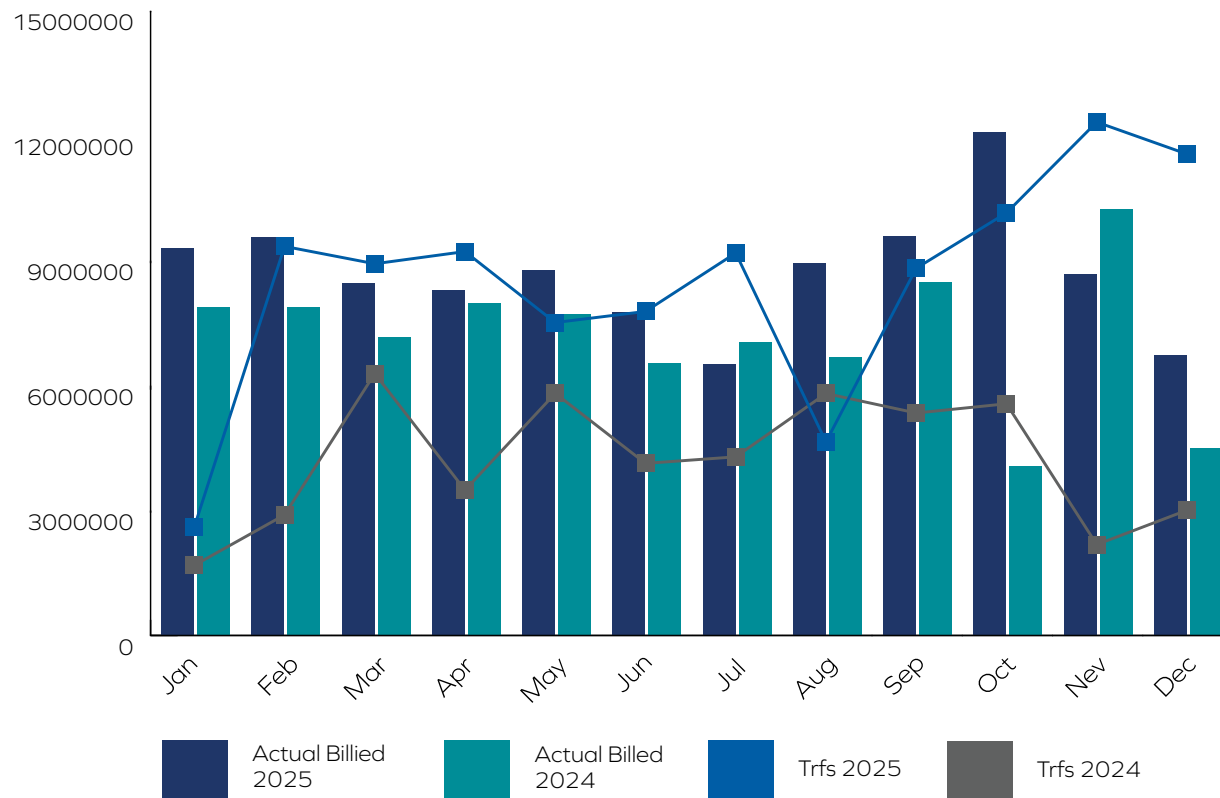


Figure 3 Collection vs billed y-o-y

in 2025. Collections from theft, modules, and metering were broadly consistent with 2024, while back-billing normalised as immediate meter replacements and revised estimates reduced recoverable historical adjustments. The section executed 1,835 inspections and completed the transition to a digitised reporting system, equipping inspectors with tablets for more efficient investigations.

Bulebel Net-Zero Carbon Warehouse – A Structural Logistics Transformation



A major structural milestone in 2025 was the completion and official inauguration of WSC's Net-Zero Carbon Warehouse at Bulebel Industrial Estate.

This EUR 7.2 million, 2,000 m² logistics facility represents far more than a storage upgrade. It is a strategic infrastructure asset designed to strengthen national water security by improving supply-chain resilience, inventory visibility, and operational responsiveness across Malta and Gozo.

The warehouse:





Figure 4 WSC's Net-Zero Bulebel facility

- Houses approximately EUR 9 million in strategic inventory
- Manages over 900 critical SKUs
- Integrates modern inventory management systems
- Is powered by a rooftop photovoltaic installation generating approximately 430,000 kWh annually
- Is designed to offset its operational energy consumption, making it WSC's first fully net-zero carbon logistics facility

Partly financed through Green Bond proceeds, the project demonstrates the Corporation's ability to translate sustainable finance frameworks into tangible, productivity-enhancing assets. It reduces exposure to supply disruption risks, shortens response times for infrastructure interventions, and strengthens asset lifecycle management.

Strategically, the Bulebel facility enhances procurement planning accuracy, reduces

reliance on emergency procurement, and improves stock optimisation, directly contributing to cost discipline over the medium term. From an ESG perspective, it stands as a visible and measurable outcome of WSC's sustainability-linked capital strategy.

A critical enabling function driving this strategy is the agility and efficiency of our procurement processes, which ensure timely access to essential materials, works, and services. In 2025, the Corporation continued to successfully self-manage all procurement activities under Schedule 3 of the Public Procurement Regulations, achieving another significant reduction in processing time to an average of 6 months per tender.

During the year, the Procurement Office initiated 137 new procurement processes, with an additional 85 carried over from 2024, for a total of 222 procurement requests. Of these, 132 were published, and 202 contracts were successfully executed, with a combined

Procurement Requests in QTY

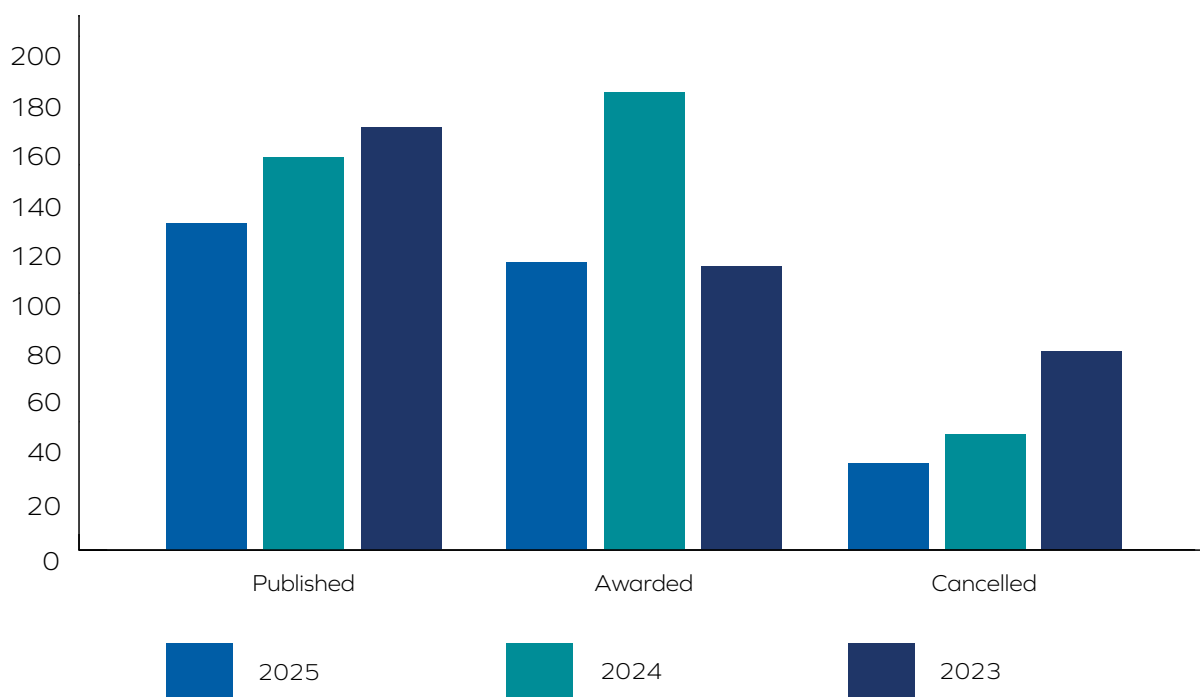


Figure 5 Procurement Request (In Quantity)

Awarded Tenders in Value

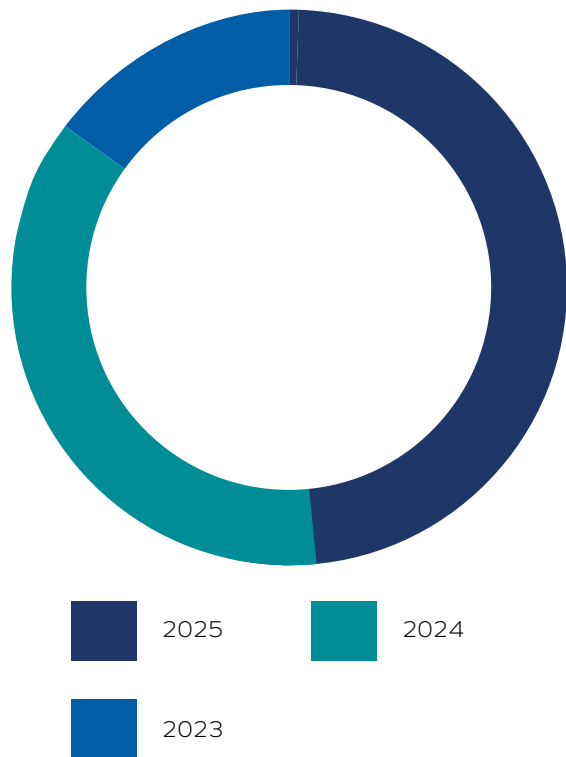


Figure 6 Awarded Contracts (In Value)

contract value of EUR 105.6 million. The year concluded with drafting and evaluation phases completed within an average of 35 days, while evaluations were finalised within 64 days, fully meeting established performance targets. Notably, tender cancellations decreased by 40% over the past two years, reflecting continued improvements in planning and procurement efficiency.

To address procurement gaps amid global supply chain disruptions, the Corporation successfully implemented framework agreements with mini-calls and other flexible procurement mechanisms. These measures ensured the uninterrupted availability of critical materials and maintained inventory levels without stock shortages. Looking ahead, the Procurement Office will continue leveraging these mechanisms to mitigate price volatility

Inventory in Value: FY25

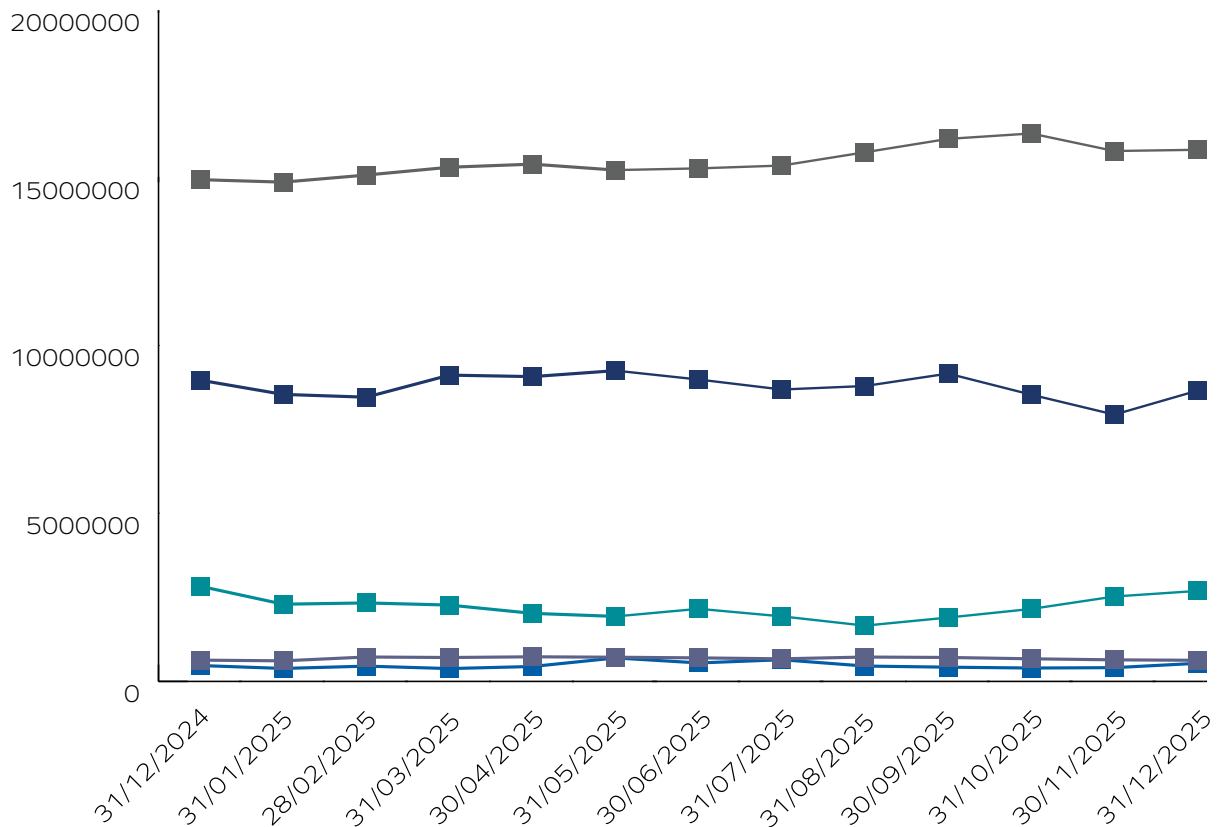


Figure 7 Inventory in Value: FY2025

and secure essential supplies with shorter commitment periods.

Sustainability and Green Capital

Deployment

2025 marked a decisive step in operationalising WSC's Green Bond framework. A total of EUR 7.48 million in proceeds was allocated across renewable energy expansion, wastewater treatment optimisation, non-revenue water reduction, and network resilience projects.

The full completion of the Ta' Barkat Wastewater Treatment Plant (WWTP) aeration upgrade delivered structural efficiency improvements within wastewater treatment operations, materially reducing energy intensity while improving treatment performance.

Renewable energy capacity expanded through additional photovoltaic installations, reducing exposure to grid emissions and reinforcing long-term energy security.

Digital optimisation, advanced metering, and pressure-management systems supported structural progress in non-revenue water reduction, reflected in an improved

billing efficiency of 77.8%. Network renewal programmes further enhanced system reliability and water quality.

In parallel, the Corporation issued its first CSRD-aligned sustainability report and completed a comprehensive greenhouse-gas accounting exercise, strengthening governance transparency and ESG integration.

These initiatives reinforce a core financial principle: sustainability investment reduces long-term operating risk, enhances resilience, and protects balance-sheet stability in a climate-constrained environment.

ClearFlowplus plc

ClearFlowPlus PLC (CFP), a key subsidiary within the Group, continued to operate as a disciplined green financing vehicle, maintaining best-practice governance in the management and allocation of green bond proceeds. To further strengthen transparency and investor confidence, CFP launched an interactive business intelligence platform providing real-time visibility into bond disbursement and KPI performance,



reinforcing its commitment to accountability and stakeholder engagement.

Operationally, 2025 represented a year of steady consolidation and continued growth for ClearFlowPlus Limited. A notable highlight was the sustained expansion in demand for the WAW water buggy, particularly following its prominent participation in the *Iftah u Ixrob* campaign, which significantly enhanced public visibility and awareness. During the year, the WAW water buggy was deployed at over 60 events across Malta and Gozo. These included collaborations with Active Ageing and Community Care initiatives, food festivals, Public Service Week, and a range of cultural and community events, many of which incorporated sustainability as a central theme. Over the course of the year, the WAW water buggy dispensed more than 30,000 litres of chilled drinking water free of charge through its bubbler system, promoting sustainable hydration practices while helping reduce single-use plastics. Logistical coordination and operational support for these deployments were provided with the full support of the South Region Senior Regional Operations team, whose contributions ensured seamless execution throughout the year.

On the single-and multi-point water dispensers' side of the business, 2025 was marked by an especially heightened focus on preventive maintenance. Indeed, a concerted effort and schedule rolled out at the start of 2025 saw almost all operational single- and multi-point dispensers across our client base fully online at any given time. Furthermore, 2025 marked a welcome increase in our single-point client base with new agreements reached, amongst others, with the Energy and Water Agency and Correctional Services Agency.

CFP's laboratory services sustained its drive to serve an increasingly varied set of clients and service needs. To this end, a number of internal operating procedures were tweaked, also in response to customer feedback. We are now in a better position to intercept, address, service, and close the feedback process more effectively, resulting in greater customer satisfaction.

Likewise, for the industrial reverse osmosis aspect of the business, concerted introspection and elevated customer interaction have facilitated our drive to address technical aspects to required standards in a prompt manner, whilst simultaneously improving our service delivery during routine maintenance and in responding to technical issues as they arise.

Strategic Investment in Human Capital

A second defining milestone of 2025 was the signing of a new six-year Collective Agreement between WSC and the General Workers' Union, representing an investment of more than EUR 36 million in the Corporation's workforce.

Signed in the presence of the Minister for the Environment, Energy and Enterprise, the agreement reflects WSC's financial solidity and confidence in its long-term sustainability. The new framework introduces:

- A revised remuneration structure aligned with performance-based progression
- Clearer strategic linkage between individual roles and corporate objectives
- Structured career progression pathways
- Succession-planning mechanisms to mitigate technical brain drain
- Guaranteed annual training allocations for every employee

From a financial governance perspective, the agreement is not merely a cost increase, it is a structural workforce reform. It strengthens retention of critical technical talent, reduces long-term recruitment costs, enhances operational continuity, and protects institutional knowledge.

The increased basic pay structure reflects prudent fiscal planning supported by a strong balance sheet. Importantly, the agreement positions human capital as a core resilience asset, ensuring that WSC can continue to meet its regulatory, environmental, and service obligations without disruption.

In conjunction to this investment in talent, the Water Services Corporation continued to strengthen its recruitment and talent acquisition efforts to support operational priorities and ensure the sustainability of critical services. Recruitment strategies were enhanced through the utilisation of diverse sourcing platforms, enabling the Corporation to reach a wider talent pool and effectively address workforce needs, particularly within Water and Wastewater Regional Operations. The Corporation also reviewed and updated apprentice salary packages to remain competitive and attended the MCAST onboarding event, providing an opportunity to engage directly with students, promote career pathways within the organisation, and support the development of future technical talent aligned with the industry's requirements. A total of 72 internal calls and 53 external calls were issued during the year, resulting in the progression of 129 employees and the recruitment of a further 129 new employees. These initiatives strengthened internal mobility, attracted new skills, and ensured the Corporation continues to build a capable and

resilient workforce to meet current and future service demands.

Acknowledging the indispensable role of its workforce, the Corporation also maintained its comprehensive employee benefits scheme designed to enhance staff well-being and fortify employee retention. By fostering an inclusive and supportive work environment and offering competitive incentives, this initiative underscores the Corporation's steadfast commitment to attracting and retaining top-tier talent. Complementing these efforts, the Corporation also furthered its 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.

During the year, the Corporation maintained an average active workforce of 1051 employees, comprising 176 females and 893 males, with female representation increasing to 17%. Within this structure, the Executive and Professional cohort represented 14% of the workforce, while the Operational, Technical, and Administrative cohort accounted for 86%. Gender distribution differed across these groups, with female employees making up 27% of the Executive and Professional cohort, compared with 15% in the Operational, Technical and Administrative group. This distribution reflects the Corporation's established workforce composition while underscoring the continued importance of initiatives aimed at strengthening gender balance across all levels.

Total productive hours reached 1,828,960 with a corresponding social cost of 14.9%, reflecting a notable improvement over the previous year's 17%. This reduction demonstrates ongoing progress in managing



Figure 8 WSC's Teambuilding activity in Mdina

	Female	Male	Grand Total
Administrative and Clerical	124	80	204
Part-timers working up to 20hrs per week	2	8	10
Professional	37	98	135
Technical & Supervisory	11	693	704
Trainees	2	14	16
Grand Total	176	893	1069

Table 2 Employees by Gender & Categorisation

planned and unplanned absences, further supported by a 3% decrease in sick-leave utilisation, indicating the continued effectiveness of attendance-related policies. Remote working also continued to support

operational flexibility. This accounted for 7.87% of all productive hours.

The section's focus for 2026 will centre on advancing digitalisation and strengthening reporting capabilities. Key priorities will include

Productive Hours Breakdown

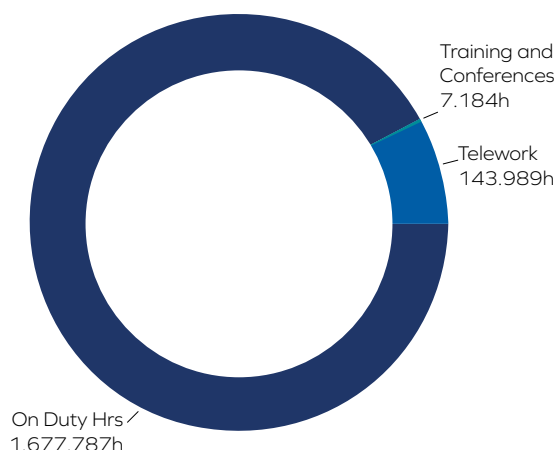


Figure 9 Productive Hours

Social Cost

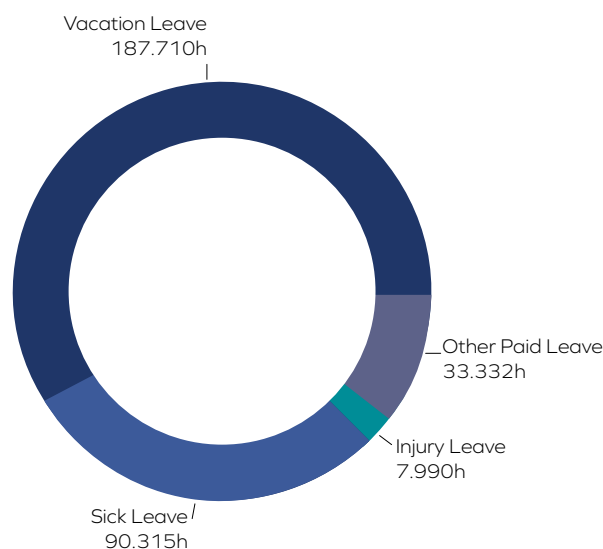


Figure 10 Social Cost

enhancing payroll analytics and developing more robust dashboards, whilst increasing automation to reduce manual interventions and processing risks. Our Human Resources function remains committed to delivering a reliable, transparent, and service-oriented function that supports the Corporation's strategic goals.

Outlook

FY2025 confirms WSC's capacity to execute transformation while maintaining financial discipline. Despite a more challenging cost environment, FY2025 consolidated the foundations for long-term resilience: strengthened revenue controls, a modernised supply chain, and a renewed collective agreement that invests in people. While margins normalised relative to the prior year, the underlying fundamentals remain robust:

- Revenue growth sustained
- Debtor performance improved
- Procurement governance strengthened
- Capital investment delivered strategic infrastructure

- Sustainability frameworks operationalised
- Workforce stability secured

The investments made in 2025, both physical and human, reinforce WSC's long-term mandate: to operate a financially sound, environmentally responsible, and operationally resilient national water utility.

As we enter 2026, the Finance & Administration Directorate will continue to prioritise financial resilience, disciplined capital structuring, digital integration, ESG transparency, and long-term cost optimisation.

Wastewater Network and Technical Support



Wastewater Network and Technical Support

Executive Summary

Throughout 2025, the Water Services Corporation (WSC), through the work of the Technical Support Services (TSS), the Wastewater Region Departments, and Direct Labour sections, made substantial progress in strengthening Malta's potable water, wastewater, and renewable energy infrastructure. Significant achievements were recorded in the commissioning of new solar farms, major potable water and wastewater infrastructure upgrades, the integration of advanced SCADA technologies, and the reinforcement of critical pumping stations across the islands.

Key milestones included the commissioning of four new solar farms as part of the Green Bonds initiative, the commissioning of the Misraħ Lewża Booster Station, and the expansion and digitalisation of the New Water network. Meanwhile, targeted interventions on the wastewater network addressed long-standing structural limitations, reduced infiltration risks, and enhanced hydraulic performance. Large-scale projects such as the Bugibba Pumping Station upgrade, the wastewater network upgrade in Triq iċ-Ċens, Mellieħa, and emergency works in Pembroke further strengthened the resilience and reliability of essential national water and wastewater services.

The programme of works delivered throughout 2025 reflects WSC's commitment to modernising its infrastructure, improving operational efficiency, embracing innovation, and safeguarding the environment through sustainable energy investment.

Renewable Energy Investments – Solar Farms

As part of its Green Bonds initiative, WSC continued investing in renewable energy infrastructure by developing eight solar farms with a total planned capacity of **3.8MW_p**. The Technical Support Services (TSS) unit oversaw the implementation of these installations.



Figure 11



Figure 12



Figure 13



Figure 14

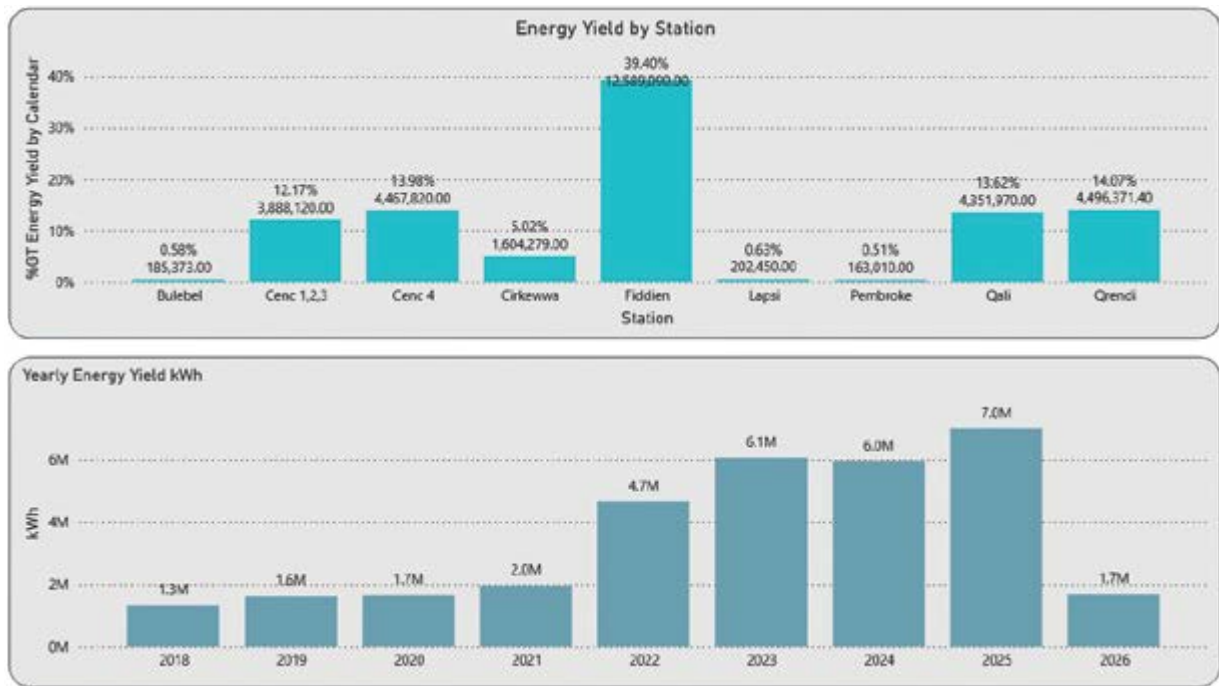


Figure 15 Energy yield by station and yearly energy yield (kWh)

Progress in 2025

During 2025, four new sites were successfully commissioned:

- Ćirkezza RO (Figure 11)
- Bulebel Warehouse (Figure 12)
- Lapsi RO (Figure 13)
- Pembroke RO (Figure 14)

These installations contribute a combined capacity of **1.9MW_p**, (Figure 15)

Construction of additional solar farms at the Luqa Reservoir and Barkat STP has progressed substantially, and both sites are expected to be commissioned in **Q1 2026**. Most projects also included waterproofing works to strengthen roof structures before panel installation.

By the end of November 2025, the total renewable energy yield from all commissioned solar farms reached **6.5MWh**, marking a significant step towards WSC's long-term sustainability targets.

Misraħ Lewża Booster Station – San Ġwann

In 2025, TSS commissioned a new booster station serving the Misraħ Lewża area in San Ġwann. The project delivered a complete Electrical, Mechanical (Figure 16), and SCADA solution designed to improve water pressure stability and operational control.



Figure 16

Key Components

- Installation of a new **motor control centre** with variable speed drive technology
- Deployment of **four horizontal booster pumps**
- A comprehensive SCADA solution featuring:
 - Radio-based communication
 - Remote flow and pressure monitoring
 - Automated operational control

This integrated system enhances reliability and allows seamless remote management of the station's performance.

New Water Network Expansion and Digitalisation

The New Water network continued to expand in 2025 with the commissioning of a new site at **Habel Abjad (Figure 17)**. Importantly, all New Water sites were successfully integrated into the **SCADA system**, allowing for centralised monitoring and control.

Work also started on integrating the **New Water dispenser network** into SCADA. Once completed, this will facilitate intelligent pump management, improved efficiency, and enhanced system visibility across the entire distribution network.

Wastewater Infrastructure Upgrades and System Optimisation

The Central Region Department advanced a comprehensive programme of wastewater system upgrades and maintenance, guided by WSC's long-term strategy to enhance service reliability, mitigate environmental impact, and prepare the network for future population and development pressures.

Network Capacity Enhancements

Several critical upgrades were undertaken to replace deteriorated or undersized pipelines and eliminate infiltration risks in key areas:

- **Triq ir-Rebħa – Gżira**
- **Triq Olaf Gollcher / Evelyn Bonaci / Triq il-Qattus – Swatar**



Figure 17

- **Triq ix-Xiber – Swieqi**
- **Attard Square – Attard**

Works involved installing larger-diameter pipelines and renewing ageing mains. These interventions have increased hydraulic capacity, reduced the likelihood of blockages and surcharging, and improved the network's resilience during peak flow periods.

Preventative Maintenance and Cleaning Initiatives

Preventative maintenance and targeted gallery-cleaning programmes were intensified in 2025 to maintain hydraulic efficiency and prevent service disruptions due to sediment accumulation.

Cleaning works were carried out in several high-risk areas, including:



Figure 18

- **Triq ix-Xatt – Sliema**
- **Triq P.P. Castagna – Birkirkara**
- **Triq il-Mediterran – Valletta (Figure 18)**

These efforts reduced frictional losses, improved system performance, and minimised the risk of overflows.

Major Wastewater and Potable Water Infrastructure Projects – 2025

During 2025, WSC delivered a wide range of major capital projects across both wastewater and potable water networks. These projects addressed structural deterioration, improved system capacity, enhanced operational reliability, and reduced environmental risk.

Wastewater Network Upgrade – Triq iċ-Ċens, Mellieħa

A new **360m, 300mm U-PVC wastewater gravity main** was installed behind the DB Seabank Resort as **Phase 1** of the Ġnien Ingraw network upgrade. This intervention replaces an ageing, undersized system prone to blockages and overflows into agricultural land above Ġhadira Bay. **Phase 2**, which will replace the remaining old network, is scheduled to commence in **2026**, following which wastewater overflows in the area will be eliminated.

Buġibba Pumping Station Upgrade

The Buġibba Pumping Station underwent a comprehensive upgrade to replace obsolete asbestos cement rising mains and reduce environmental risks.

Key Deliverables

- Installation of **dual 540m, 300mm ductile iron rising mains**
- Replacement of pumps with modern submersible units
- Deployment of the **Flygt SmartRun** advanced control and self-cleaning system
- Real-time predictive monitoring via **Samotics**

These interventions improved reliability, reduced manual cleaning requirements, and enhanced energy performance.

Pembroke Pumping Station – Emergency Upgrade

A fast-tracked project delivered a complete upgrade of the Pembroke Pumping Station and its rising mains.

Key achievements included:

- Replacement of **circa 2.5km of 200mm rising mains**
- Full road reinstatement and surface finishing
- Completion within an accelerated four-month timeframe

This intervention significantly strengthened system resilience in a critical service area.

Ta' Kandja Pumping Station and Rising Mains – Siġġiewi/Mqabba

A new pumping station serving the Ta' Kandja–Siġġiewi–Mqabba region was commissioned. New rising mains were installed to connect the station to the nearest wastewater network, enhancing wastewater conveyance capacity and improving operational reliability.

Marsaxlokk–Qajjenza Rising Mains Project

A major project involving the installation of **3.3km of new rising mains** was completed to reinforce wastewater transfer

between Marsaxlokk and Qajjenza. The project also included preparatory works for integration with the **proposed new wastewater tunnel**, representing a strategic long-term investment in regional wastewater management.

Potable Water Network Upgrade – Triq l-Imġarr, Imġarr

A significant upgrade to potable water infrastructure was undertaken in one of Imġarr's busiest areas.

To minimise disruption, works were carried out utilising night shifts and, when required, in continuous 24/7 cycles. This upgrade improves water supply reliability and enhances network performance in a high-demand locality.

Potable Water Infrastructure Installation – Dawret il-Mellieħa

Critical potable water infrastructure was installed along Dawret il-Mellieħa to address persistent operational issues in the locality. This intervention strengthened the area's hydraulic capacity and improved service dependability.

Ta' Qali–Mosta Potable Water Main Installation

A new **600mm potable water main** was installed between Ta' Qali and Mosta. The project included full surface reinstatement and represents a major enhancement to the regional potable water distribution network.



High salinity negatively impacts biological treatment performance

Reducing Salinity in Wastewater

In line with the Corporation's strategic objective to improve wastewater quality and enhance the efficiency of downstream treatment processes, 2025 saw the launch of a coordinated programme to reduce salinity levels within the wastewater network. High salinity negatively impacts biological treatment performance, increases operational costs, and accelerates asset deterioration. The initiatives introduced this year represent an important step towards long-term network optimisation.

Installation of Conductivity Sensors Across Strategic Pumping Stations

To improve real-time visibility into salinity intrusions and enable rapid identification of problematic catchments, WSC installed 19 conductivity sensors at strategically located wastewater pumping stations. These sensors continuously monitor electrical conductivity—an indicator of salinity—and enable proactive intervention when abnormal spikes are detected. The deployment of these instruments has already improved the Corporation's ability to identify infiltration hotspots, monitor the effectiveness of maintenance actions, and plan targeted upgrades.

Development of a Power BI Monitoring Platform

A dedicated **Power BI analytical tool** was developed to consolidate, visualise, and analyse the data generated from the newly installed conductivity sensors.

The platform enables:

- Continuous trend monitoring
- Comparison of salinity levels across sites

- Evaluation of improvements following maintenance or infrastructure interventions
- Data-driven decision-making for future investment planning

This digital tool represents a significant enhancement to operational intelligence within the wastewater network and supports ongoing optimisation efforts.

Notable Improvements – Reduction in Salinity Levels

Initial results from the monitoring programme have already shown encouraging improvements. A notable example is the **Birżebbuġa Wastewater Pumping Station**, where conductivity levels decreased from approximately **20,000 μS in August** to **12,000 μS** following targeted interventions.

This substantial reduction reflects the effectiveness of the new monitoring framework and demonstrates the potential for further gains as more data becomes available.

Additional reductions are expected as the programme expands, and corrective actions continue across the network.

Electrification of WSC's Fleet

Following the modernisation of the fleet in 2023, a further nineteen electric panel vans and twenty-six pick-up vans were delivered during the year under review to replace ageing vehicles.

The introduction of electric small panel vans contributed to a notable reduction in unleaded fuel consumption, which decreased from 25,422 litres in 2024 to 22,099 litres in 2025. This reflects a continued downward trend in unleaded fuel consumption over the period 2022–2025.

Beyond operational efficiencies, this reduction directly lowers fuel expenditure and reduces the carbon footprint (Figure 19), thereby supporting the Corporation's commitment to cost optimisation and environmental sustainability.



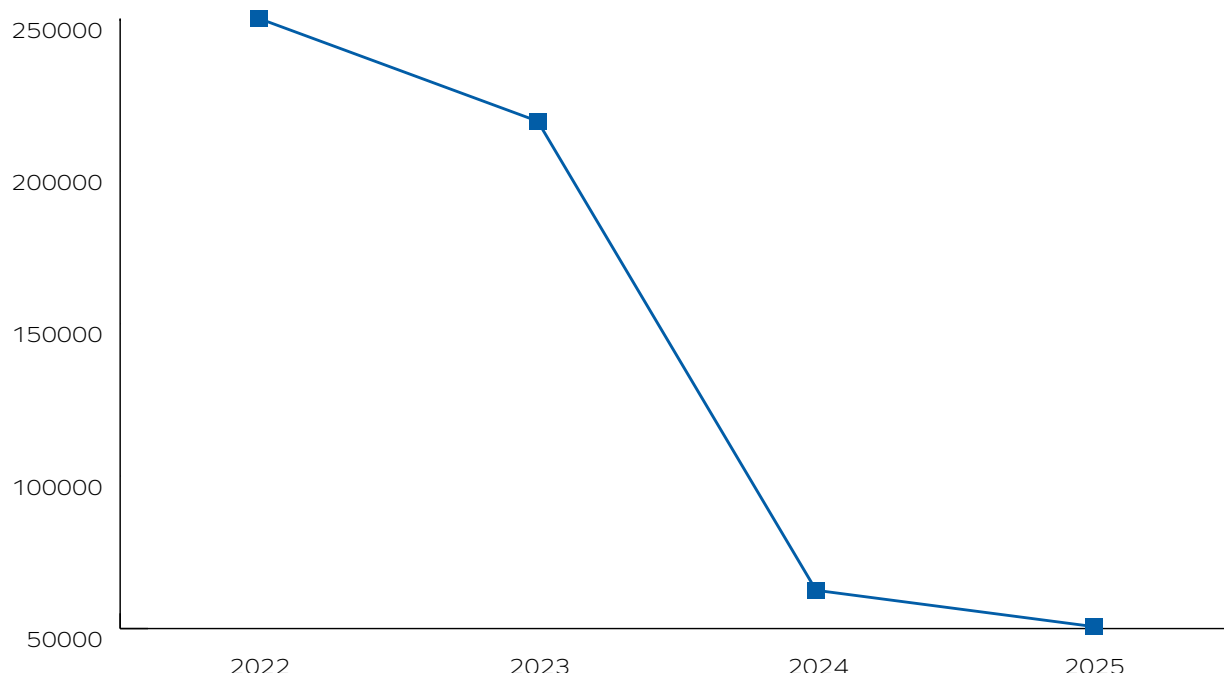


Figure 19 Annual CO₂ emissions in kg

Conclusion

The year 2025 marked substantial progress for the Water Services Corporation, characterised by strategic investments, accelerated project delivery, and meaningful advances in operational resilience. Through the combined efforts of the Technical Support Services and the Wastewater Region Departments, the Corporation strengthened Malta's water and wastewater networks, expanded its renewable energy capacity, and enhanced its digital monitoring capabilities.

The commissioning of new solar farms, the integration of New Water sites into SCADA, and the development of key pumping stations have collectively improved efficiency and reduced environmental impact. Meanwhile, targeted infrastructure upgrades—ranging from emergency works in Pembroke to long-term wastewater network renewal in Mellieħa—have addressed ageing assets,



The foundations laid in 2025 will support continued progress in the years to come

mitigated risks, and ensured the continued reliability of essential services across the islands.

These achievements reflect WSC's commitment to sustainability, innovation, and proactive asset management. Looking forward, the Corporation remains focused on delivering strategic projects, adopting advanced technologies, and strengthening its infrastructure to meet the needs of Malta's growing population and evolving environmental challenges. The foundations laid in 2025 will support continued progress in the years to come, ensuring a resilient, efficient, and sustainable water and wastewater system for the nation.

Production and Distribution



Production and Distribution

Water Production

Potable Water Production

In 2025, the total potable water production was 39,5 million m³, with 70.7% of this amount coming from the four Reverse Osmosis (RO) Plants, while the remainder was extracted from Groundwater Pumping Stations and Boreholes. This implied an increase of +1.61% in total production over the previous year.

Total Water Production (m3)

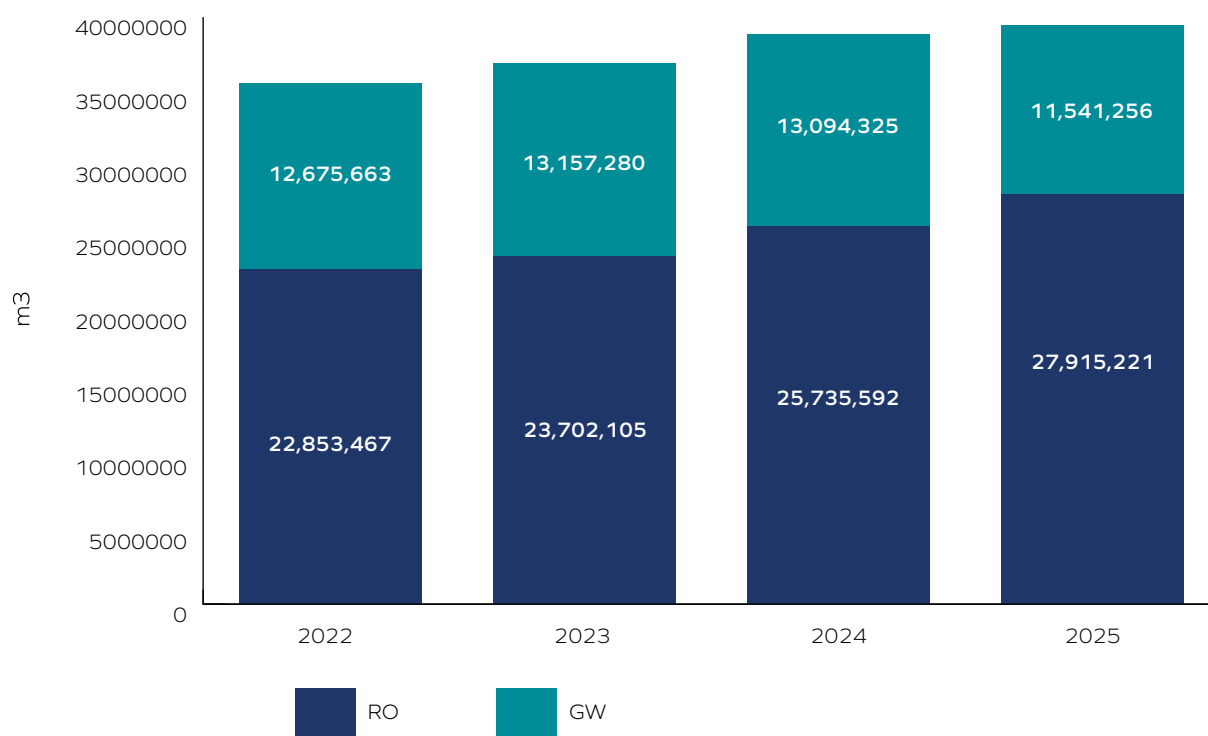


Figure 20 Summation of output from RO and Ground Water

Water Blending – Reduced Water Salinity in Malta and Gozo

During 2025, the WSC’s strategic endouwer was to improve water quality across the whole islands through the measure *lftaħ u lxxrob* and hence the average water salinity at the customers’ tap was stabilised to approximately 270mg/l of chlorides. Consistent water blending in the main reservoirs across Malta and Gozo attained this lower salinity level in potable water, that renders the taste more acceptable to WSC customers. To attain this result, the proportion of RO water-to-groundwater had to increase significantly from 66%:34% in 2024 to 71%:29% in 2025, meaning a relatively higher production from the RO plants, after a similar increase in 2024 over 2023, as reflected in the following chart.

The graph below demonstrates a significant average reduction of 30% in salinity of potable

water supplied to customers in 2025, further to other reductions carried out in previous years.

RO Production & Energy Consumption

In 2025, there was a considerable increase in RO water production of 8.5% over 2024, primarily due to the aforementioned *lftaħ u lxxrob* campaign. The total water produced from the four Reverse Osmosis Plants in 2025 was 27,9 million m³ (or an average of 76,480m³/day). Production is seasonal and invariably increases in summer, peaking on 14 August at 87,714m³/day. Almost half (48.9%) of the RO production was contributed by the Pembroke RO Plant.

The annual overall specific energy consumption for RO water production averaged 4.7kWh/m3, or 0.37% lower than in 2024. The improvement was made

Average annual % proportion of RO Water from the Total Production

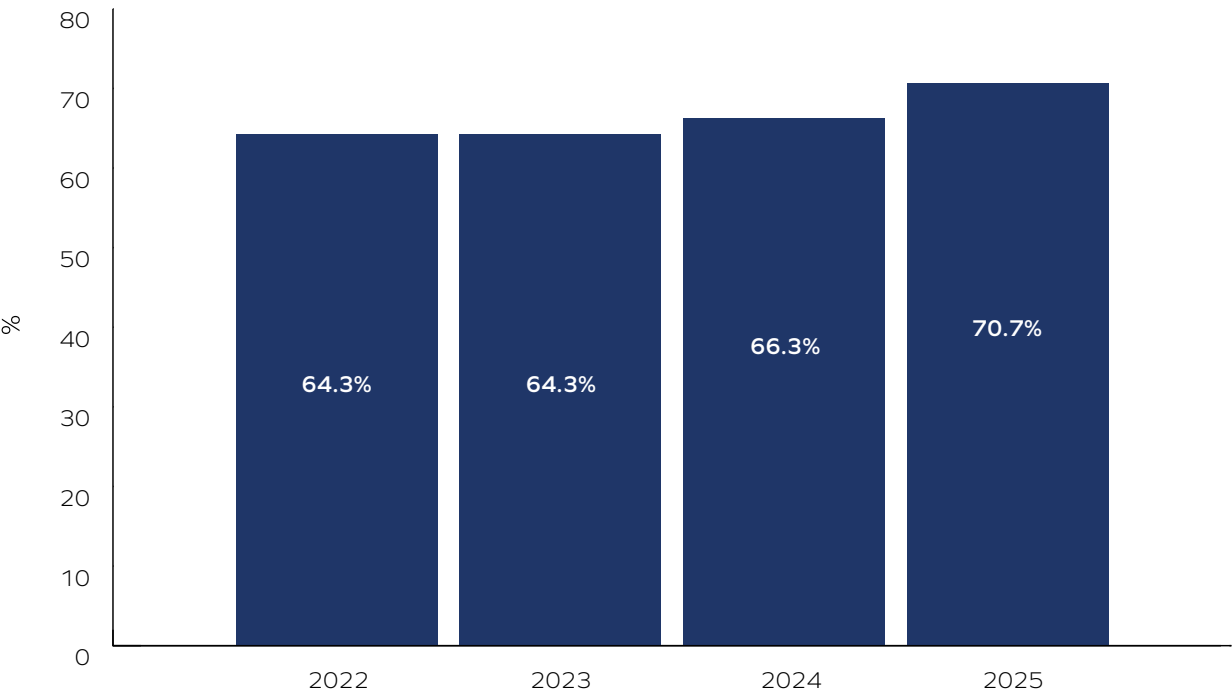


Figure 21 Percentage RO fraction of Total Production

Average conductivity at major reservoirs in Malta

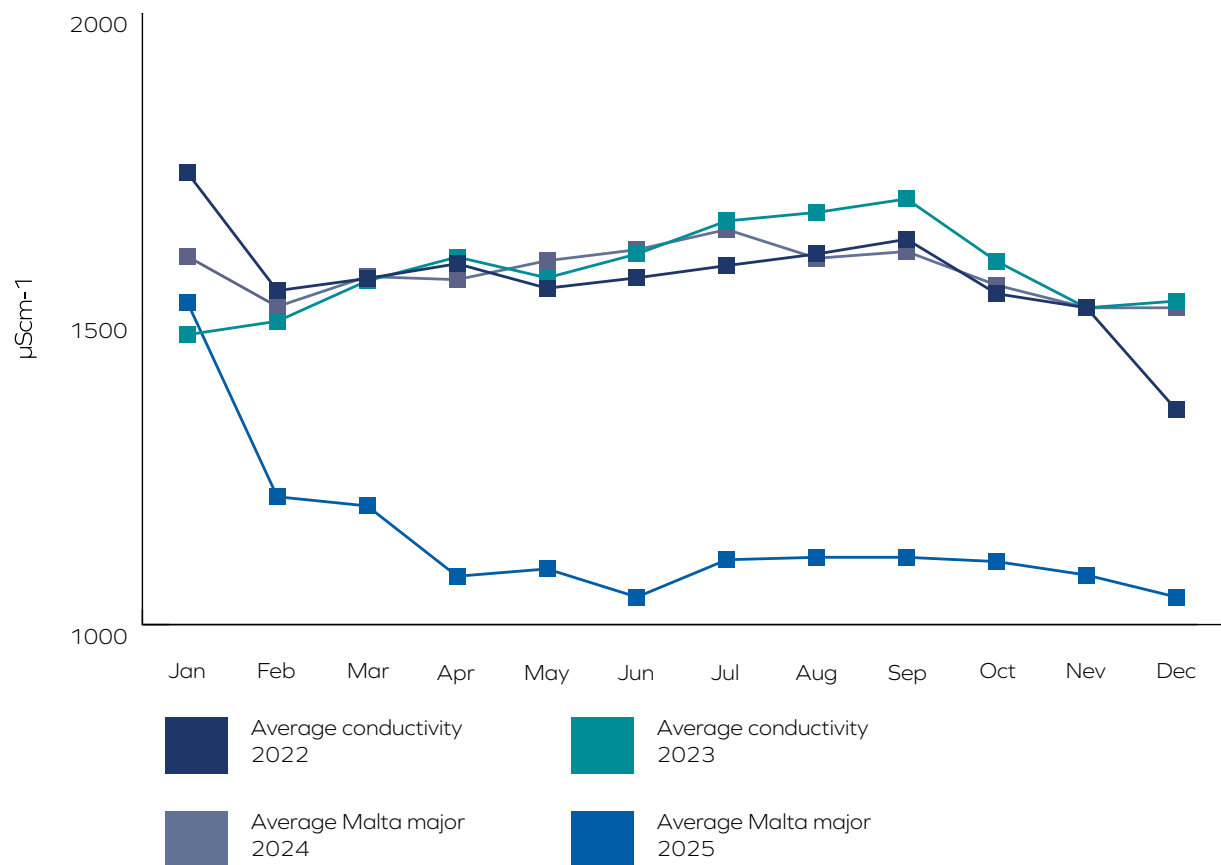


Figure 22 Potable Water salinity trends for major reservoirs

Annual RO Production (m3)

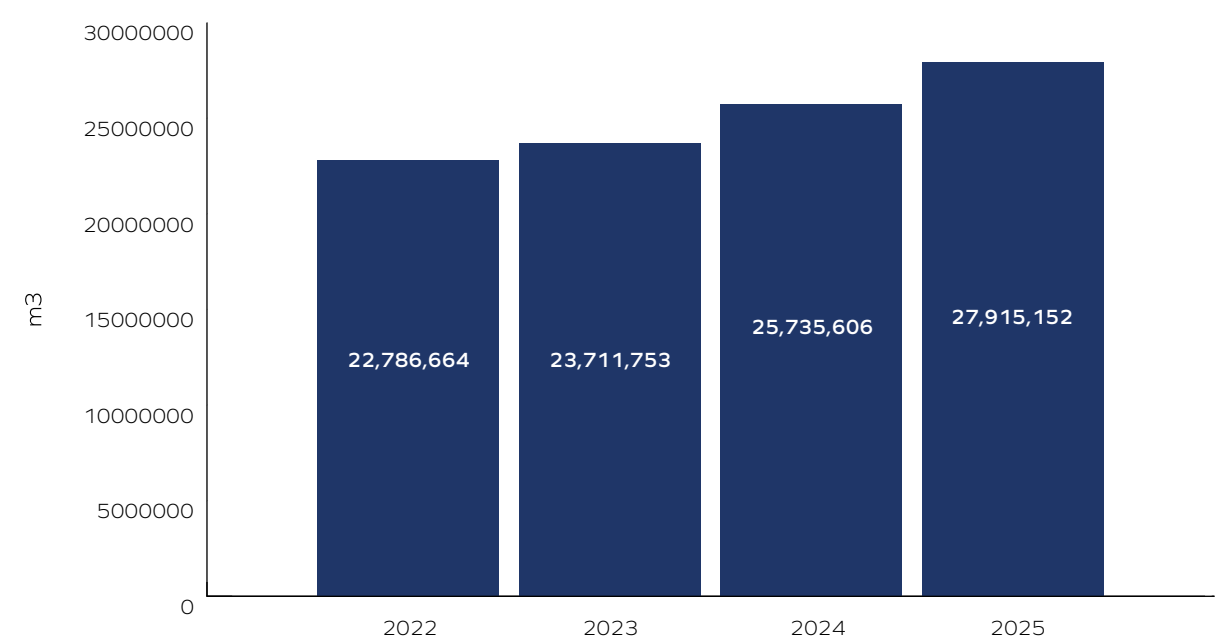
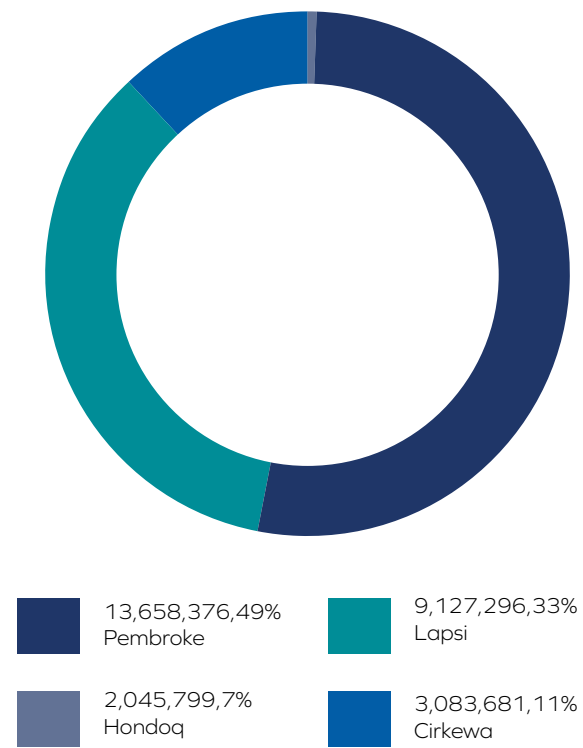


Figure 23 Increasing Trends in Annual RO Production

RO Production 2025



through an investment in new RO membrane replacement and additions, which allow for an operation at lower membrane inlet pressures, as indicated below:

Plant	Increment (m³/day)
Lapsi	3,800
Pembroke	2,200
Total	6,000

The plan for 2026 is to continue improving operating performance through further membrane installation programmes at the 3 Plants in Malta, to attain a net increase of 10,000 m3/day over the 2025 capacity.

Ground Water Extraction

Figure 24 Production comparison from the four RO Plants

Total RO Water Production (m3/day)

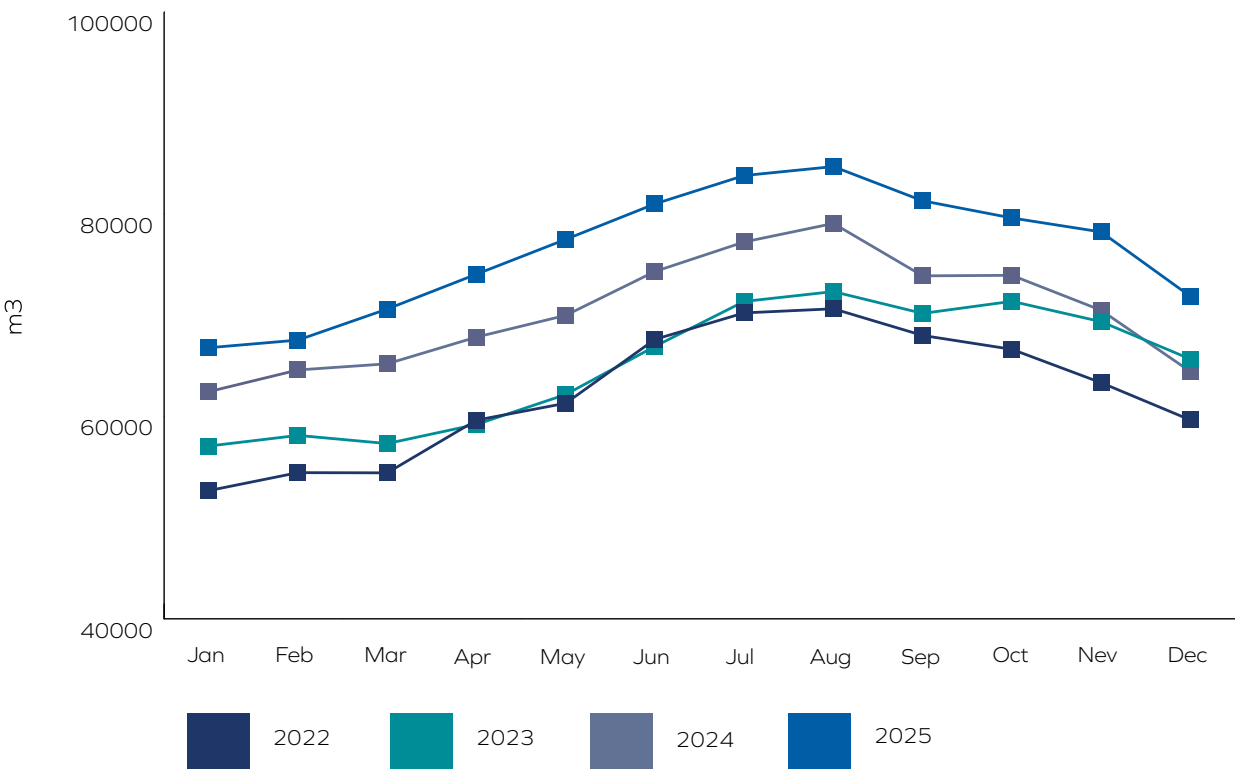


Figure 25 Seasonal trends in RO Production

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

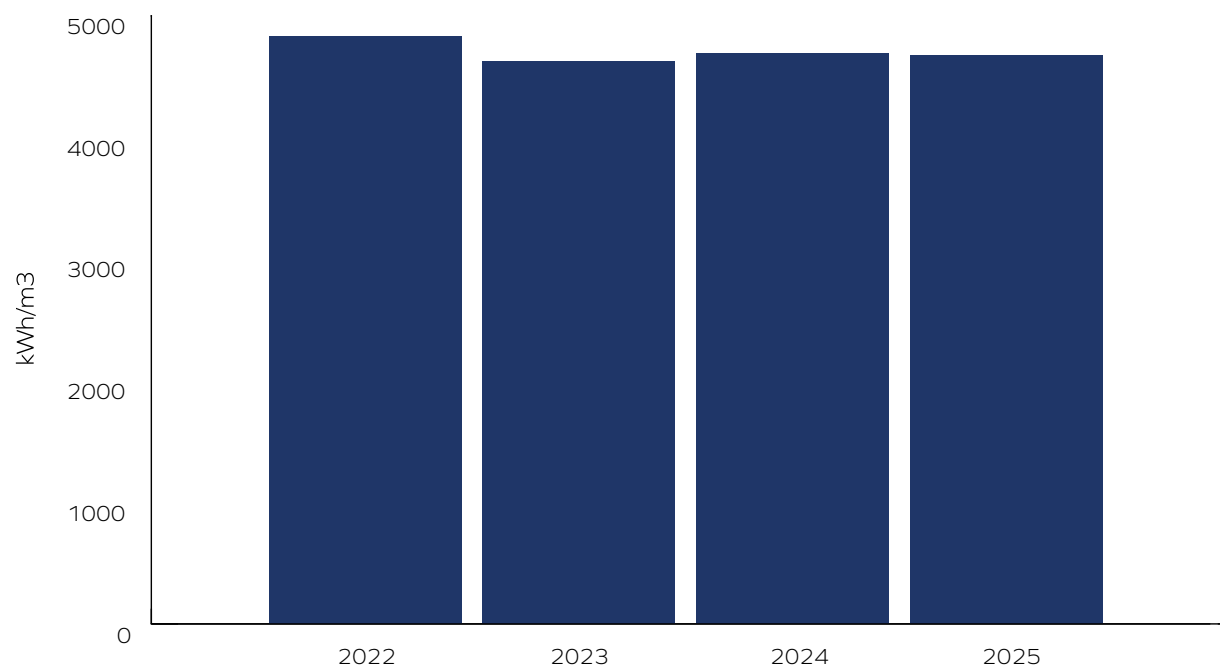


Figure 26 Average annual RO Specific energy consumption trends

During 2025, 11,5 million m³ (or an average of 31,620m³/day) of groundwater was extracted, the lowest annual total for the last decade, as Graphs 8 and 9 below indicate, with increased output in summer as demand increases. Abstraction in 2025 was 11.4% lower than in 2024, necessary to achieve a lower blended salinity in the reservoirs.

Main highlights of the year

Artificial Intelligence in Water Blending

Potable water is blended by combining different water sources in the main reservoirs before being delivered to customers. Water is produced from reverse osmosis plants and also abstracted from groundwater. Water



Total Groundwater Production (m3)

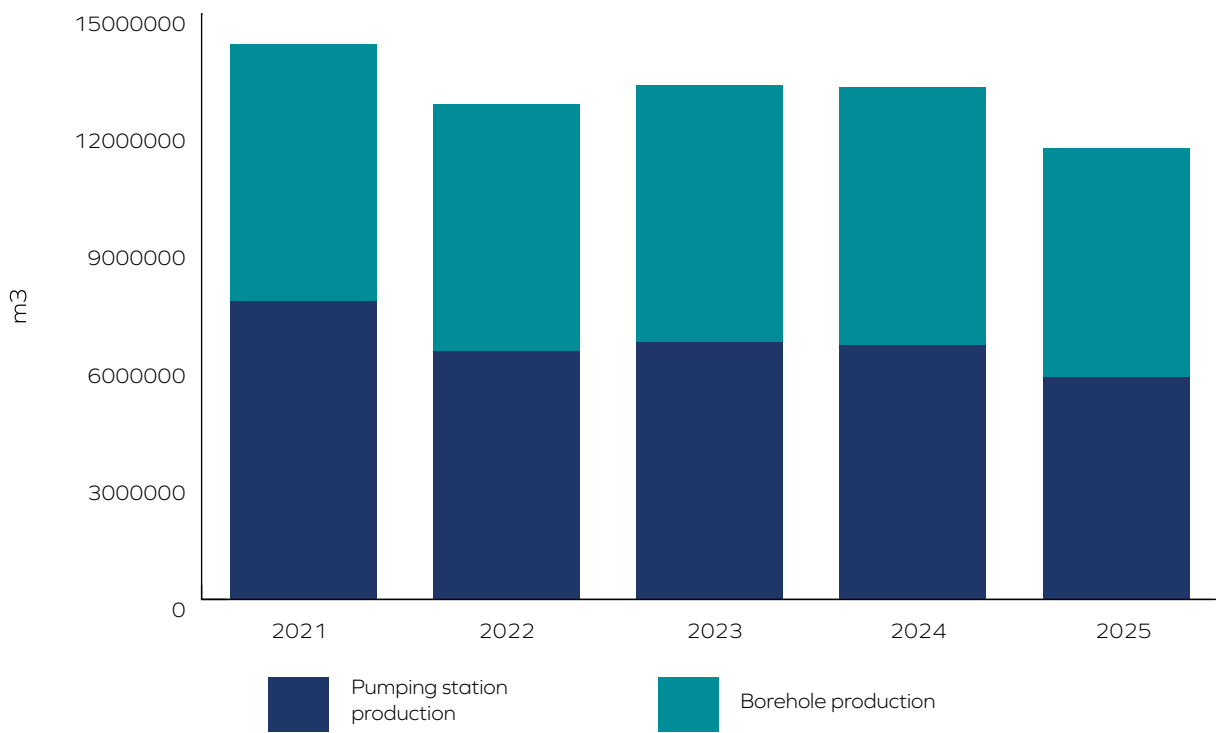


Figure 27 Annual trends in Groundwater extraction

Groundwater extraction trends (m3)

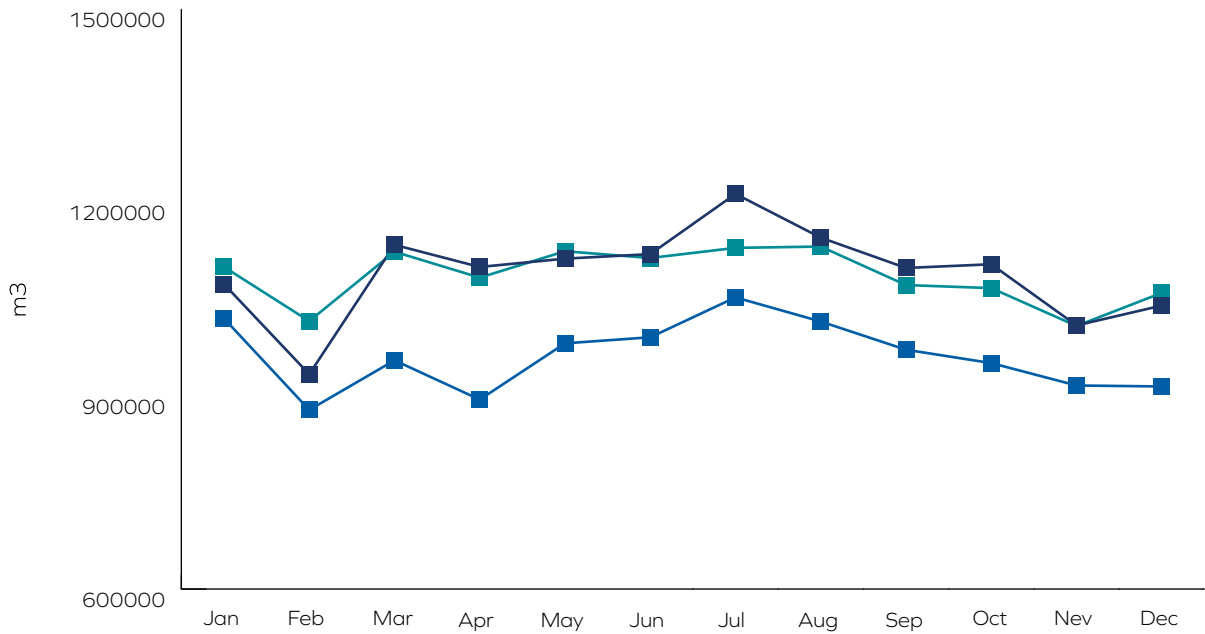


Figure 28 Seasonal trends in groundwater abstraction showing reduced output in 2025

quality varies across plants, and groundwater sources and water production costs do so as well.

The volume of water produced is determined by water demand, whereas water quality is aligned with the EU Drinking Water Directive. Optimising production costs from about 120 sources is a complex process that requires continuous fine-tuning, as groundwater quality varies by source and RO plant operations and maintenance.

WSC thus embarked on a project for which Artificial Intelligence (AI) is being optimised to aid decision-making and reduce energy consumption in water production. Numerous trials have been carried out on all the groundwater sources in Gozo, with AI optimised by linking SCADA-derived salinity and energy data for each source.

This newly developed AI tool has, over the past year, supported our engineering team in reducing energy consumption across all groundwater sources, as shown in the chart below. For the coming year, WSC plans to expand AI in water blending for water production sources in Malta.

Water Reserves

Reserves of potable water are crucial in terms of security of provision during ‘rainy days’. Several maintenance and upgrade projects for reservoirs are regularly undertaken. Necessary cleaning, repairs and rehabilitation are carried out or planned when reservoirs are emptied.

Naxxar Reservoir, originally built in 1938, was emptied in 2025 and bypassed for weeks to effect major civil structural works. These

Ground Water Gozo - Specific Energy kWh/m3

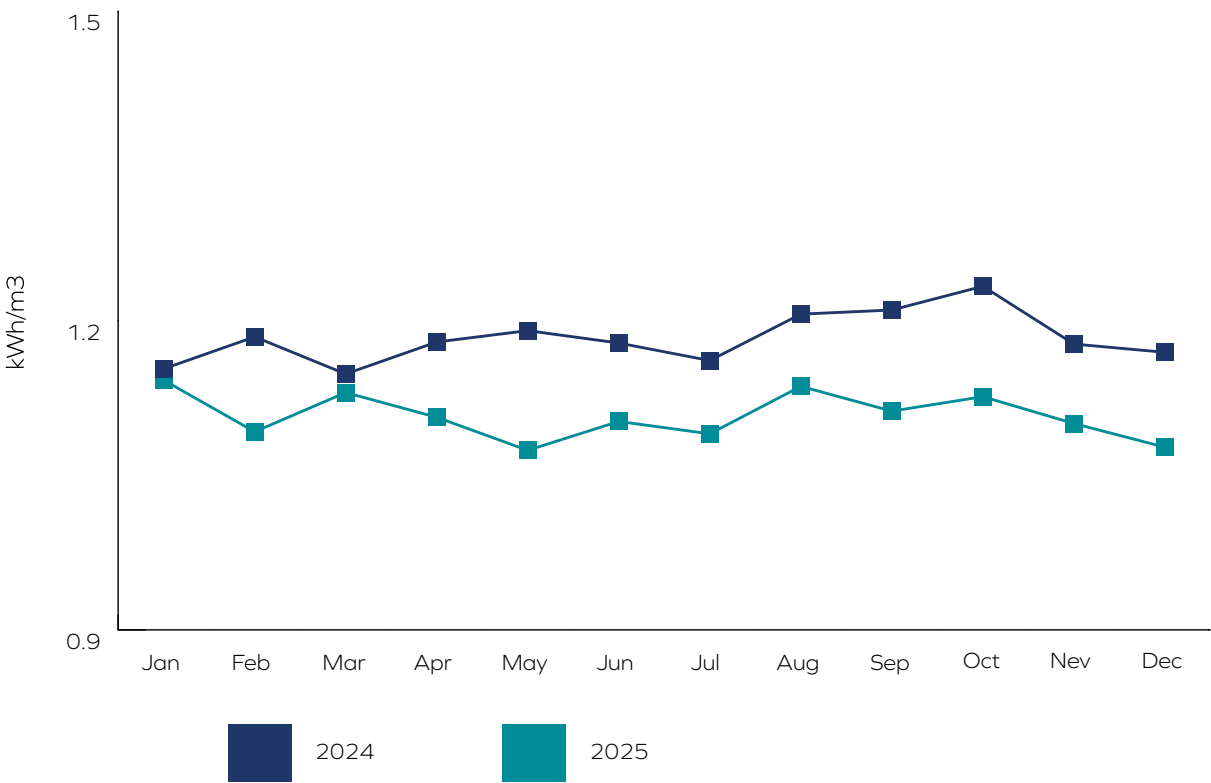


Figure 29 Specific Energy Trend for Groundwater sources at Gozo

interventions were carried out to ensure future operational flexibility whilst implementing the necessary remedial works for a critical structure that is close to 100 years old. Another reservoir that was emptied for maintenance in 2025 was the Rabat reservoir (commissioned in 1922).

Further works, testing, and planning are ongoing for the Fiddien and Ta' Ċenċ Reservoirs, with major rehabilitation works planned to commence in early 2026. The aims of these works are to rehabilitate existing reservoirs and increase potable water reserves nationwide to further improve water security.

RO Train Upgrades

A new RO Train (No.12) was commissioned in June 2025 at the Lapsi RO, producing an additional 3,800m³/day, while works kicked off on another RO Train (No. 4) at Lapsi with the same capacity. The latter is planned for commissioning by Q2 2026.

Work also commenced on building a fourth train at the Ċirkewwa RO with a capacity of 4,300 m³/day. Commissioning is planned for Q2 2026.

At Pembroke RO, the capacity of two Trains (No. 8 and No. 10) was upgraded by a further 1,100 m³/day each by adding more RO high-pressure vessels and membranes, while simultaneously reducing the specific energy of production. The plan is to continue upgrading more trains in a similar manner in 2026 (see Table 3 below).

RO Feedwater

A tender was issued to drill eleven additional seawater boreholes at Ċirkewwa (five) and Pembroke (six) to secure enough feedwater for the projected capacity increase. Drilling works commenced towards the year-end.

Hal Far Exploration

A 120m deep seawater borehole was drilled on a WSC site close to the cliff edge at the South end of Hal Far Industrial Estate to explore the viability of building an RO Plant at this site, which plant would strategically augment the production capacity in the South side of the island, feeding the closest Qrendi Reservoir, with a higher volume of good quality water. The borehole water quality will be tested in Q1 2026.



Figure 30 Drilling of seawater Borehole at Hal Far WSC site

Plans for further RO Plant upgrades

During the period 2026-2030, the WSC is planning to increase RO production capacity through the following initiatives:

- upgrading of existing RO trains,
- building additional trains, and
- more ambitiously, the construction of 3 new RO Plants at Pembroke (Plant 'D'), Lapsi (Plant 'B'), and Hal Far, as shown in the Table below. Considering the project holistically, the process has already been taken in hand through a group effort to develop the technical designs, seek building permits, and process tenders.

Trains	Planned commissioning date	Production increase (m3/day)
Ċirkewwa		
#2	2026	4,300
#5	2027	4,300
Lapsi		
#4	2026	3,800
#3, #5	2027	5,400
#6	2028	1,600
Plant B	2029	30,000
Pembroke		
#1, #11, #12	2026	6,000
Plant C	2027	7,200
Plant D	2028	10,800
Hondoq		
4th. Train	2027	3,000
5th. Train	2028	3,000
Hal Far	2030	40,000
Total		119,400

Table 3 Planned RO Upgrades up to 2030

Gozo Region

Single Quality Zone

A very important project completed during the year under review was the connection of the Ċenc 3 and Ċenc 4 reservoirs, enabling the Gozo water network to operate as

a single, unified water quality zone. This strategic project, with an investment of approximately EUR 1 million, required trenching approximately 560 metres of roadway to connect the two reservoirs via a large-diameter pipe. During these works, several ageing pipes situated along the same

disturbed route were replaced prior to road resurfacing.

The completion of this project provides enhanced operational flexibility, simpler and more manageable water blending control, increased redundancy within the supply network, and uniform water quality standards across the sister island.



Figure 31 Works showing the connection of the two reservoirs

Water and Wastewater Networks

Throughout the year under review, extensive infrastructure replacement works were undertaken by WSC, some of which were carried out in coordination with the Ministry for Gozo and local council road upgrade programmes. These coordinated interventions ensured that ageing underground infrastructure was modernised prior to resurfacing. The total investment in water and wastewater pipe replacement works exceeded EUR 6 million, covering 7 km of potable network, 3.2 km of wastewater network, and another 1.5 km of New Water network.



Figure 32 Extensive infrastructure replacement works in Gozo were undertaken in 2025

New Water Expansion

In 2025, further investments were expended to strengthen the island's second-class water distribution network. A new second-class water reservoir was constructed on the western side of Gozo, with an investment of almost EUR 1 million. The reservoir has a storage capacity of 3,000 m³ and enhances supply reliability in the western region of the island while increasing overall storage capacity.

Technical Support Services

The Technical Support Services section undertook substantial operational changes during the period under review. Apart from operational work that ensures the uninterrupted operation of the region, efforts have been made to maintain civil works,



Figure 33 New second-class water reservoir constructed in Gozo

conduct structural repairs at boreholes, access manholes to gallery shafts, and maintain pumping stations. This internalisation of civil maintenance improved responsiveness and increased ownership of all assets comprising the network and the peripheries of the Gozo Region.

Wastewater Operations - Environmental Protection

The Wastewater Section continued to prioritise environmental protection and service reliability. During 2025, two new wastewater pumping stations were commissioned in Xewkija and Nadur. These projects included installing new gravity mains and service connections, eliminating several individual leaking cesspits in the respective areas.

In addition, over 10km of sewer mains were inspected and cleaned throughout the year, successfully preventing exfiltration into the sea. Operational teams responded to and tackled over 150 blocked sewer incidents





Figure 34 Substantial maintenance works were undertaken

and completed five major structural repairs involving trenching, sewer replacement, and manhole reconstruction. The majority of these works were carried out by regional personnel through direct labour, demonstrating strong in-house technical capability and commitment.



Operational teams responded to and tackled over 150 blocked sewer incidents

Managing Leakage – Use of Telemetry Loggers

As part of WSC's continuous efforts to strengthen its data-driven leakage management approach, WSC has invested in innovative telemetry loggers, helping transition from manual weekly data collection to real-time telemetry data. Given the previous need for technicians to manually download data from the various sites, the installation of over 300 telemetry logger units has freed up more



Figure 35 Sewer replacements and new pumping stations

time for high-value preventive maintenance and monitoring.

WSC's leakage management data primarily comprises flow and pressure data covering over 400 District Metered Areas (DMAs). Flow data is the backbone of the corporation's active leakage control efforts, with water flowing into the various DMAs compared to baseline and economic models that identify areas with higher leakage and guide leakage control efforts to those with the largest gains. The availability of more frequent data via these loggers enables faster feedback on the success of leakage management. Consequently, any further investigations and action are subsequently integrated into operational plans with improved efficiency. The availability of an online portal to view this data has improved data accessibility and enabled easier viewing of long-term trends, thereby enhancing the ability to plan strategically for water infrastructure upgrades.

All loggers now carry a second channel pressure transducer, meaning that pressures feeding the DMA can be monitored in the same manner as flow, a feat that previously required significantly more effort due to installing

additional loggers and downloading data for separate monitoring. Pressure management is a primary pillar of effective leakage management, as DMA pressure and pressure variations significantly affect the magnitude of existing leakage and, even more importantly, the incidence of new bursts. Continuous monitoring of DMA inlet pressures enables WSC to be even more proactive in ensuring pressure levels remain consistently within predetermined values, whilst recognising and resolving critical issues before they escalate and cause further damage and disruptions.

While the new loggers are an improvement over conventional loggers, which have been in use at WSC for the past decades, they also offer high-frequency logging up to 25Hz. This gives engineers the ability to better investigate potentially damaging phenomena, such as pressure transients on trunk mains or unexpected demand surges that would otherwise be masked by averaging over a longer period.

Moreover, these loggers come equipped with accelerated call-in and alarm capabilities, allowing users to set specific parameters that can even be adjusted/fine-tuned remotely to

trigger an alarm when parameters exceed the acceptable tolerance. The implementation and setting of alarm conditions contribute to a significant reduction in reaction times to address large bursts or abnormal pressure, minimising water loss and service disruptions.

The commissioning of these loggers is already delivering tangible benefits, demonstrating the clear value of such an investment through improved monitoring. Moreover, these improvements not only strengthen operational reliability but also enhance performance, efficiency and long-term planning for a more resilient water network.

Upgrade of the Ćirkewwa–Ta' Qali Trunk Main

During the year under review, an infrastructure upgrade on the Ćirkewwa Reverse Osmosis to Ta' Qali Group of Reservoirs trunk main was implemented, whereby the old 450 mm diameter cast iron pipeline was replaced with a 600 mm diameter ductile iron pipeline. This project formed part of the wider effort to improve hydraulic performance, increase conveyance capacity, and reduce pressure losses within the northern water transfer system. The upgraded pipeline section is strategically important because it conveys water from several major production and pumping sources and collects the largest



Figure 36 WSC has invested in innovative telemetry loggers



Figure 37 WSC has invested in innovative telemetry loggers

combined flow along the trunk main route. These sources include:

- Ċirkewwa Reverse Osmosis Plant
- Hondoq Reverse Osmosis plant
- Speranza Pumping Station
- Bingemma Pumping Station
- Falka Pumping Station

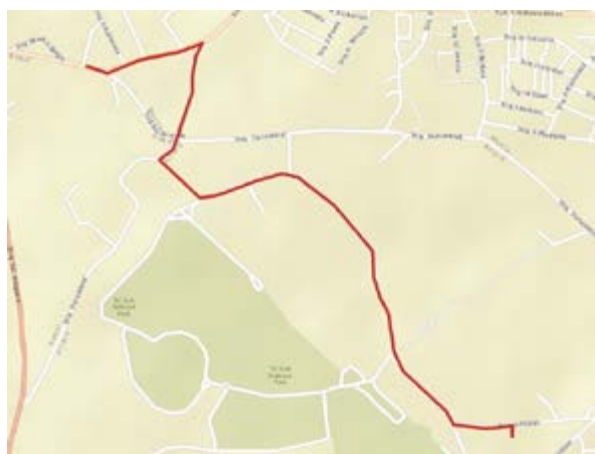


Figure 38 Upgrade of a stretch of the Ċirkewwa RO to Ta' Qali Group of Reservoirs

Due to the convergence of these sources, the pipeline section experiences high flow rates and has previously been identified as a hydraulic bottleneck within the network.

The primary objectives of the project were to increase the hydraulic capacity of the trunk main, reduce frictional head losses and operating pressures, improve system efficiency and operational reliability, accommodate combined inflows from multiple production sources, and future-proof the infrastructure to accommodate the ever-increasing water demand.

Prior to the upgrade, the pipeline consisted of a 450 mm diameter cast iron (CI) main.

The operational data following the upgrade demonstrate a 1.22 bar reduction in pumping pressure at a steady flow rate of 450 m³/hour. This led to a commensurate reduction in pumping costs at the Ċirkewwa RO plant

and at several groundwater pumping stations along the way.

The following trends show the reduction in pressure at Ćirkewwa RO Plant.

Ta' Qali Group of Reservoirs

This group of reservoirs is by far the most strategically important asset of the Corporation, thus earning a corresponding financial allocation. A new mixing chamber has been designed and constructed, replacing an undersized weir room that was unable to handle the increased water volume produced and distributed. New inlets into the mixing chamber have been designed, including a bypass system that maintains the correct water-quality blend without using the new mixing chamber during maintenance.



Figure 39 Upgrading of the RO to the Ta' Qali Group of Reservoirs trunk main

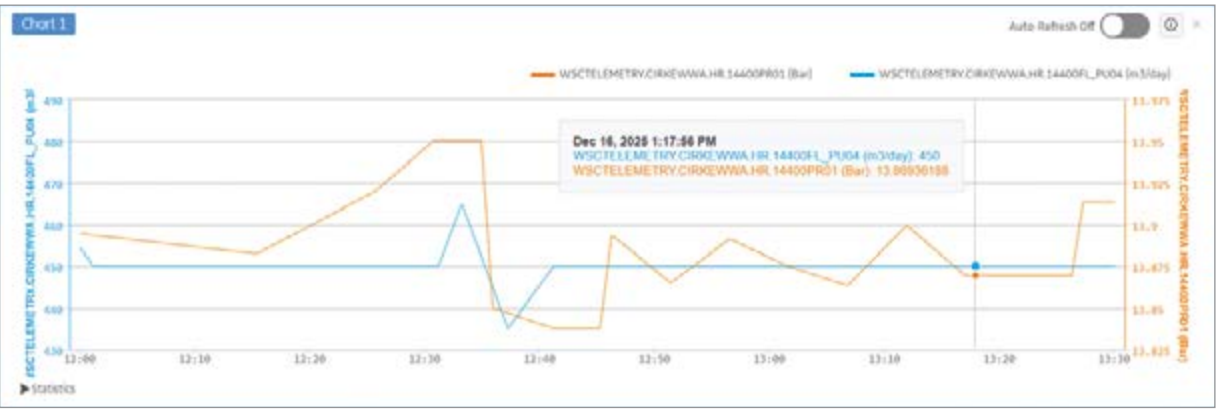


Figure 40 Pressure/flow trend before intervention



Figure 41 Pressure/flow trend after intervention

WSC faced significant challenges maintaining operations at the right blend, and specialised staff had to monitor and continuously tweak the active network to maintain blend quality and retain adequate volumes in the reservoirs. Another challenge was to improve the frictional losses on the relatively new 700mm line from Ta' Qali towards the harbour area, which was no easy feat. The toughest challenge along the year under review was the switch from pumped Pembroke RO water to a gravity system from the Qali reservoir. This switch produced a positive outcome, with an approximate reduction in pressure of 2 bar, but also the unfortunate consequence of losing too much pressure for the pressure control valves to operate efficiently.

This change affected mostly the high-perched areas during peak consumption, as frictional losses from the high flows and long routes pushed the pressure valves beyond their designed limits – causing them to fail in maintaining the required downstream pressure setting. Weak points in the network were highlighted, and throughout 2025, projects were carried out to eliminate these issues – namely:

- 400m of 350mm pipe in Triq Bellavista was replaced by a 500mm pipe
- 267m of 350mm pipe in Triq Antonio Schembri was replaced by a 500mm pipe
- 381m of 350mm pipe in Triq Antonio Schembri is being replaced by a 500mm pipe
- 370m of 300mm pipe in Triq Belvedere are being replaced by a 400mm pipe
- 750m of 150mm pipework near the University of Malta campus in Msida replaced by 250mm pipe

Naxxar Reservoir Restoration

Another very important reservoir has been undergoing refurbishment throughout the year under review. Three outlets have been replaced (enlarged from 300mm to 400mm), tested and properly sealed internally. A new boundary wall has been constructed, approximately dividing the reservoirs into a 60-40 split. A larger section has been demolished, including the supporting structure, roof and old separating wall. New columns, roof slabs and flooring have been prepared, and the room providing entry into the reservoir (including stairs) has been reconstructed.

New Water

Our commitment to environmental protection and the circular economy remains a top priority. New Water is our pride and a clear confirmation in this respect, and a lot of effort has been put into achieving full completion during the year in question.

In the North of the island, there are 162 fully operational and commissioned New Water dispensers, with 845 farmers utilising them. In Gozo, there are 46 fully operational dispensers, with 873 users. The South region, which is still under construction, has 20 'card-operated' dispensers, with 186 farmers making use of them by year's end.

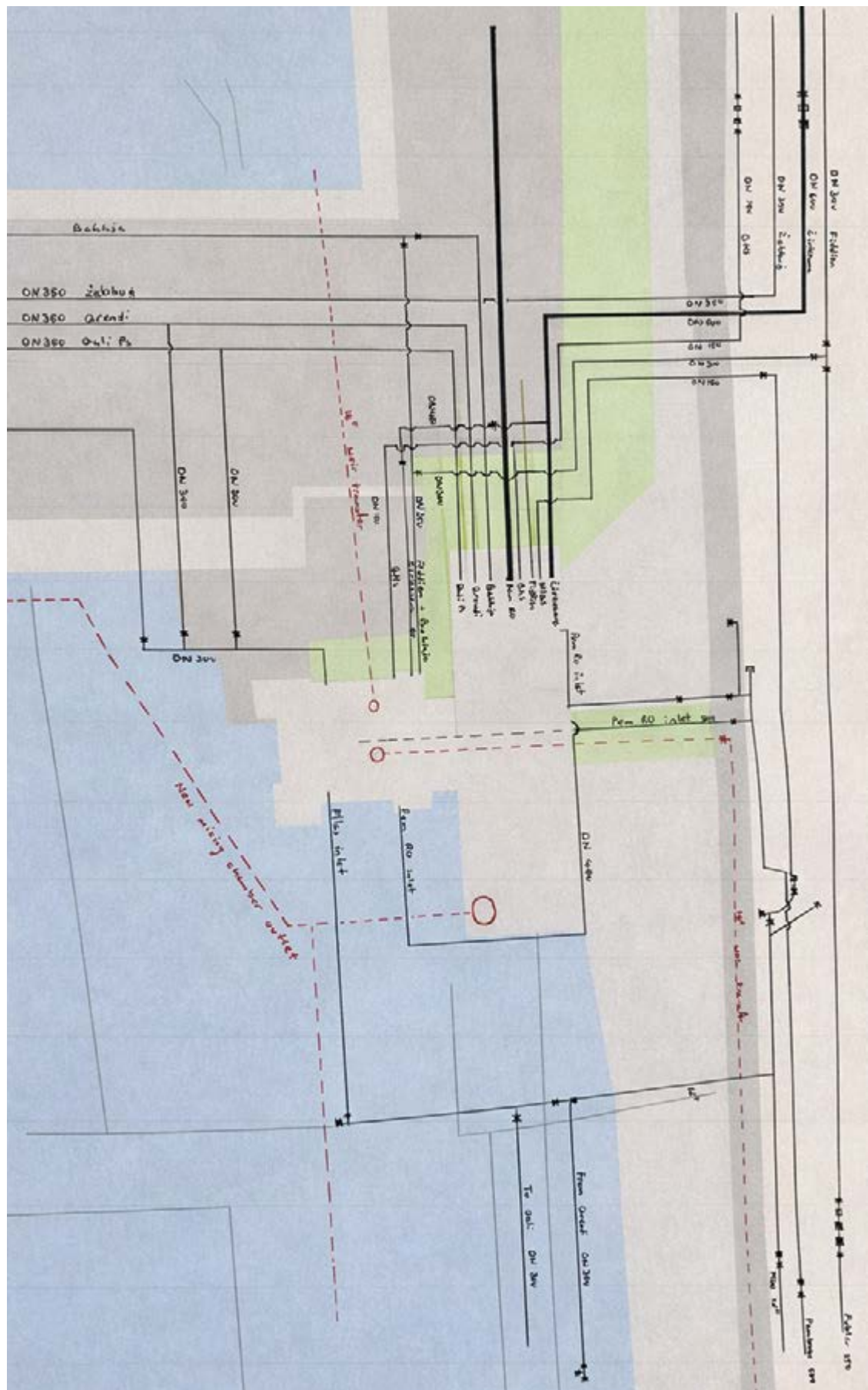
Apart from the full commissioning of the Gozo and North network, a lot of effort was expended in the South region. During the year under review, commissioning of all the hydraulic pipelines was carried out, the filling and testing of 5 NW reservoirs – Bidni, Xghajra, San Anard, Habel l-Abjad, Tas-Silġ – the installation of 20 card dispensers, the distribution of New Water to the 20



Figure 42 Naxxar reservoir refurbishment



Figure 43 Ta' Qali reservoirs network restructuring and new blending weir room



dispensers and open water channels, and last but not least the New Water SCADA, which was implemented to monitor pressure, flows, reservoir levels, control over booster stations and necessary ancillaries, and the visibility of flow meters to eventually carry out water balances mimicing potable water network leakage management.

The Malta South New Water system, including all dispensers, and the bolstering of New Water production at Ta' Barkat are planned by the end of 2026.

Non-Revenue Water

Non-Revenue Water (NRW) is the most strategically important performance indicator, prioritised daily, as it reflects overall efficiency from the water production stage to the billing process. This value incorporates real losses and apparent losses, so in effect NRW is the percentage revenue generation lost in leakage, billing anomalies, meter under-registration and misuse of water.

This NRW figure is receiving due attention on three fronts. The real loss management portion is enshrined within operations at

regional level, monitored daily, and all operational decisions are taken with the aim of aggressively reducing this value through active leakage control, pressure management, and the timely replacement or repair of defective pipework. This reduces the need to produce and distribute water unnecessarily, thus saving money and emissions from pumping and chemical use. Apparent loss, on the other hand, is being addressed by two separate sections. The meter under registration and the billing errors portion are being addressed by the Strategic Information team, which decides which meters to replace and how bills are calculated, using specialised algorithms and AI. This team also incorporates the workforce that replaces the specific meters that would render the largest gains. The water misuse contribution to apparent losses, on the other hand, is handled by the finance department, specifically the revenue assurance section, which studies misuse and diligently follows up on cases. This three pronged approach ensures NRW is kept in check and reduced as aggressively as possible.



It is thus, again with pride, that we report a successful 2025, as clearly depicted in the above graph. Year-on-year records are being broken across all operational efficiency indicators. WSC now boasts an NRW figure of 22.18%, down from a record-breaking 25.43% the previous year, and a network efficiency of 77.82%, up from 74.57% in 2024. This means that the year under review alone saw an improvement of over 3.2% in efficiency compared to the previous record year, resulting in a billing gain achieved through both apparent loss management and reduced water production efforts via real loss management. Whereas the system input trend is on the rise, the consumption trend is also increasing at a steeper gradient, gradually

closing the gap between the two. These gains strengthen WSC’s financial position and secure the cash flow needed where it really matters. Next year’s target is a billing efficiency of 80%, and the WSC is well-positioned to achieve this ambitious milestone.

Leakage Management – the Real Loss Portion

The Infrastructure Leakage Index (ILI) is the key performance indicator WSC uses to manage real losses daily and to report leakage levels locally and internationally. This indicator clearly and distinctly depicts only the real-loss portion of Non-Revenue Water (NRW) and has been the true guide for WSC in implementing strategic measures

Official Key Performance Indicators guiding WSC to meet targets

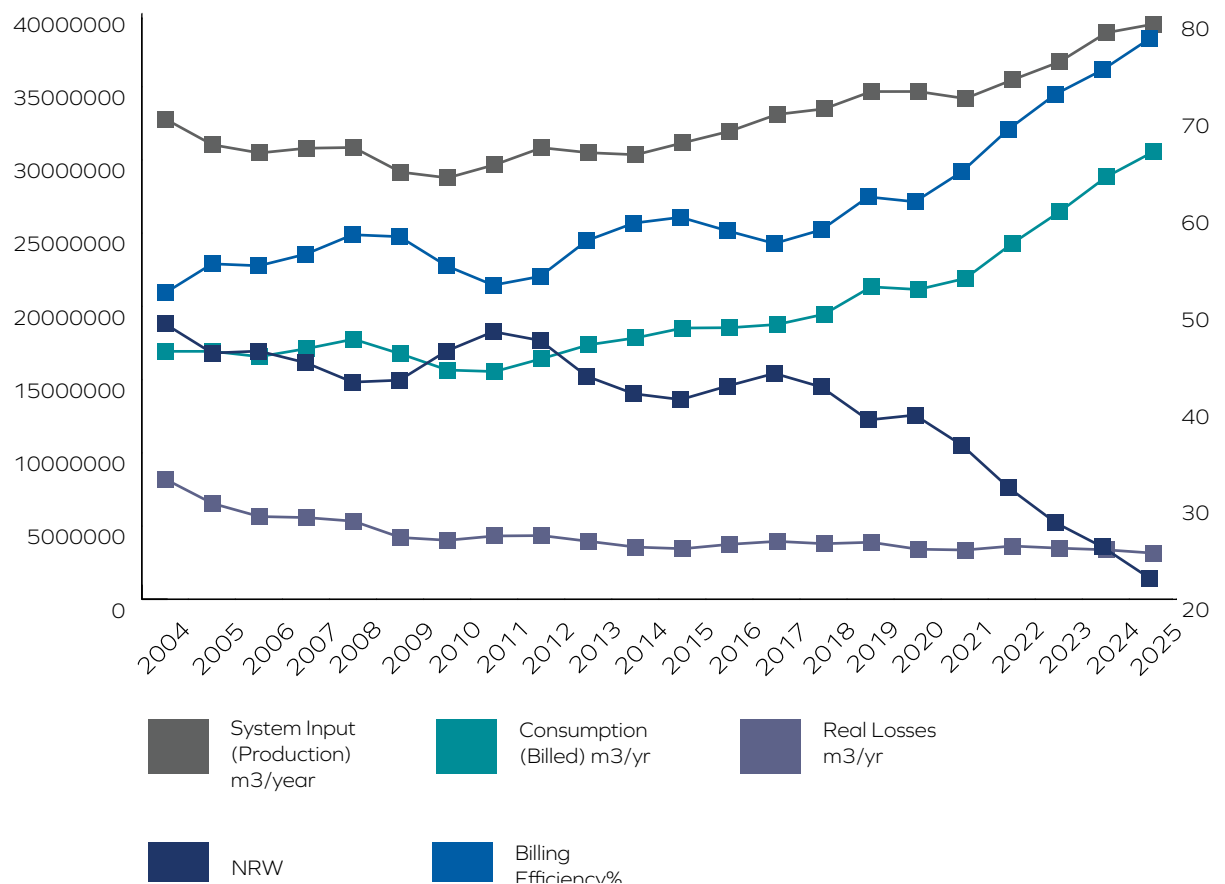


Figure 45 Official Key Performance Indicators guiding WSC to meet targets

Infrastructure leakage Index (ILI) 30-year trend

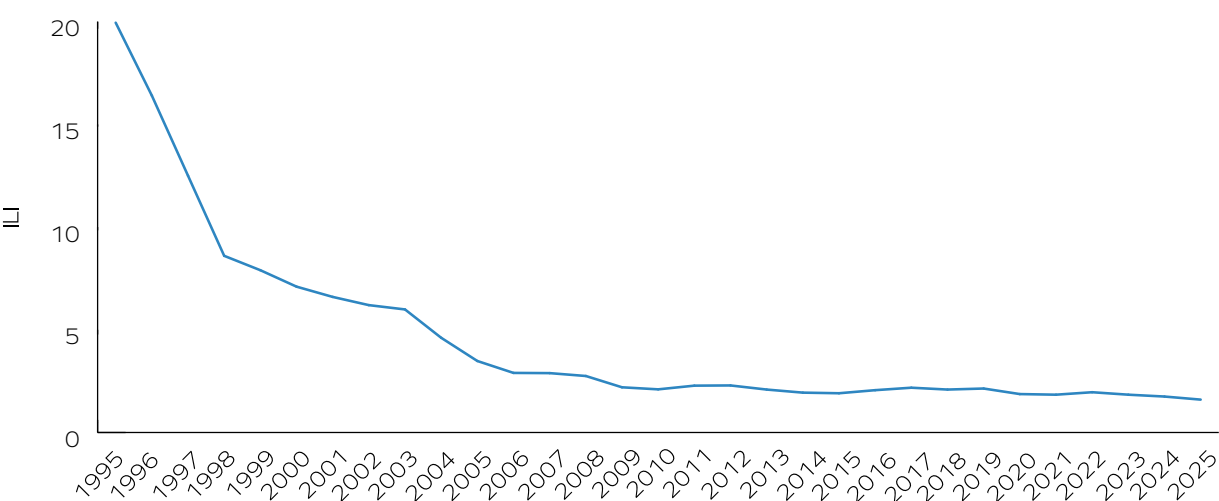


Figure 46 ILI 30-year trend

to mitigate and reduce such losses over the last 30 years. This year, we are again happy to state that it has been a record year in the leakage control arena. In 2025, Malta and Gozo registered an average ILI of 1.6, setting a record year compared to last year's 1.75. This shows excellent performance gains, with an overall reduction in leakage of over 6.6% compared to the preceding year, saving over 224,800 cubic meters of water compared to 2024 levels.



WSC now boasts an NRW figure of 22.18%, down from a record-breaking 25.43% the previous year, and a network efficiency of 77.82%, up from 74.57% in 2024

Treatment and Monitoring



Treatment and Monitoring

Wastewater Treatment and New Water Reclamation Plants

In 2025, through its three wastewater treatment plants (Gozo, Malta North and Malta South), WSC treated a total of 28.5 million cubic meters of wastewater. Part of this treated effluent was further processed to produce New Water, totalling 1.6 million cubic meters, which was distributed through a dedicated reclaimed water network.

Malta South Wastewater Treatment Plant

WSC's largest plant in the South of Malta (Ta' Barkat WWTP) treated 18.95 million m³ of wastewater influent, supported by the newly commissioned Sant'Antnin WWTP, which treated a further 2.4 million m³. A total of 17,880 tons of sludge cake were generated and disposed of in the landfill after anaerobic digestion.

The treated wastewater is either discharged to sea via a 1 km pipeline or further processed at the Water Reclamation Plant for New Water production. New Water annual production at the Malta South polishing plant totalled 0.59 million m³, a 93% increase over the previous year.

The Malta South wastewater plant's wastewater sludge is further processed in biodigesters to recover renewable energy from wastewater. Cogeneration units

generate electricity for plant processes and heat the biodigesters using biogas generated in the same digesters. In 2025, a total of 3,192 MWh of renewable electricity was generated by the cogeneration units. The electricity generated on-site powers the plant, accounting for over 20% of its overall energy requirements. Moreover, anaerobic digestion reduces pathogens and stabilises the sludge, resulting in a much higher dryness fraction.

In 2025, the farmyard waste pre-treatment facility at Sant' Antnin, commissioned in April 2021, treated a total of 295,270 m³ of animal waste, a 40% increase over the 2024 volume. This initiative, in collaboration with Rizorsi Agrikoli Maltin (RAM), not only diverts any illegal discharges of farm slurries from the sewer but also returns the organic portion of the manure for reuse in agriculture as a natural, sustainable fertiliser.

Gozo Wastewater Treatment Plant

The Gozo WWTP treated 2.3 million m³ of wastewater and processed 9,325 tons of solid waste, which were disposed of at the landfill.

New Water's annual production at the Gozo New Water Reclamation Plant totalled 0.26 million m³ in 2025.

The Gozo farmyard waste treatment plant, which commenced operations in 2018, handled and treated a total of 42,861 m³ of animal slurry waste during 2025, with the resulting solid fraction reused beneficially in agriculture.

Monthly Total Wastewater Treated and Reused (2025)

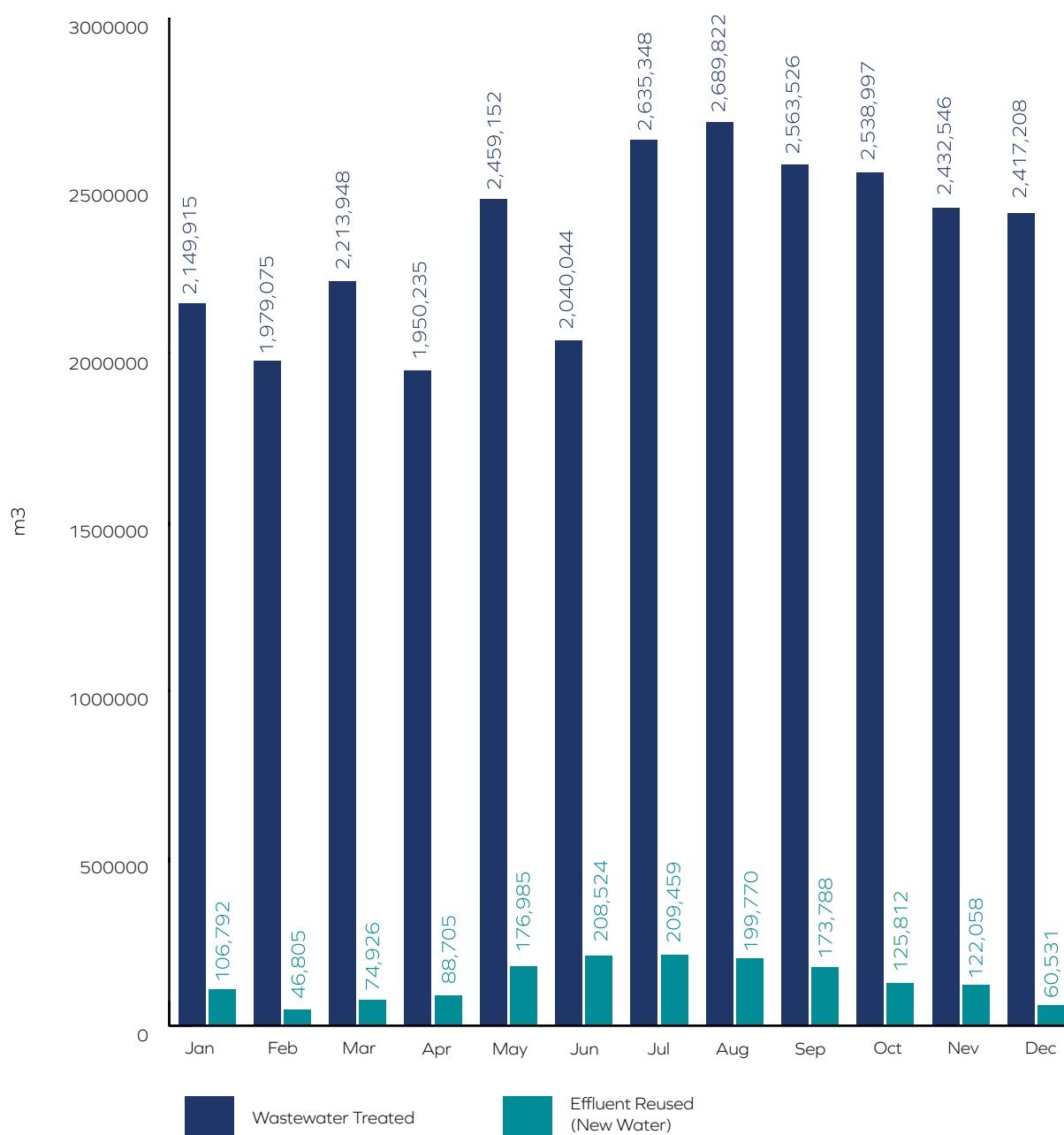


Figure 47 Monthly wastewater treated and reused (2025)

North Wastewater Treatment Plant

The North WWTP, in iċ-Ċumnija l/o Mellieħa, treated 4.9 million m³ of raw wastewater, a 25% increase over the previous year, and generated 5,078 tons of wastewater sludge, which were disposed of in the landfill. The treated effluent discharges through a coastal discharge point at iċ-Ċumnija.

The polishing plant supplied approximately 0.74 million m³ of high-quality reclaimed water for agricultural use.

Wastewater Treatment Plants: Investments, Upgrades and Plans (2025)

Our work environment is dynamic; the company stays flexible, agile, and proactive to meet evolving demands. 2025 brought new challenges to the wastewater treatment sector, including a revamped, more demanding EU Urban Wastewater Treatment Directive, increased tourism, unprecedented population growth, and the emergence of new industries. Additionally, below-average rainfall in 2025 led to increased demand for reclaimed water to support agriculture.

Through its various technical teams, WSC continued to plan, finance, upgrade and

commission various enhancements to ensure the Corporation can meet current and future demand. These upgrades include:

Malta South Wastewater Treatment Plant and Polishing

- Completed the upgrade of the coarse screening process with the installation of two new coarse screens that remove bulk solids that illegally end up in the sewer, protecting the treatment plant's equipment downstream.
- Commissioned an upgraded, more energy-efficient aeration system. Operating blowers to provide aeration for the biological process is one of the most energy-intensive operations in wastewater treatment. By installing new turbo-compressor blowers, energy demand has been reduced by around 30%.
- The construction of a new warehouse building is underway and planned for completion by Q1 2026. These stores will support all wastewater treatment plants to ensure resilience and rapid recovery in the event of emergency maintenance.



Figure 48 Installation of new coarse screens completed



Figure 49 The new aeration system

- The south polishing plant equipment was upgraded with new membranes and the installation of pre-filtration filters, resulting in an increased daily production of New Water in 2025
- Works on an extension to the Malta South Polishing Plant have started and are progressing steadily, with completion expected by mid-2026. Once operational, this upgrade will process a nominal 6,000 m³/day of treated effluent and convert it into New Water for agricultural use.
- WSC began planning several upgrades for the Malta South WWTP, with all anticipated to be contracted in 2026. These include new grit and grease removal equipment for Sant' Antnin, upgrades to the anaerobic digesters, and a tender for a comprehensive overhaul of the South pumping station and preliminary treatment facilities to enhance resilience and redundancy.
- A tender for the upgrade of the Malta South WWTP SCADA system was published and planned for award by Q2 2026.
- WSC published, awarded and contracted the upgrade of the Malta North WWTP. The project will start in Q1 2026 and will boost the iċ-Ċumnija plant's treatment capacity to over 20,000 m³/day, along with increasing New Water production by 8,000 m³/day. The upgraded plant is planned to enter service by 2028.
- WSC issued a tender for an upgrade of the Gozo WWTP, including the land acquisition, applications, studies, technical specifications, etc. Evaluation and contracting are planned to be concluded by Q2 2026. This upgrade will increase the plant's wastewater treatment capacity to 12,000 m³/day and New Water production by 4,000 m³/day and is expected to be commissioned by 2029.
- WSC contracted the installation of a new grease treatment plant to handle waste from restaurant grease traps, preventing it from mixing with the urban wastewater



Figure 50 WSC contracted the upgrade of the Malta North WWTP

and recovering fats for energy generation in the Barkat anaerobic digestors. This plant is planned to commence operation by Q3 2026.

- In tandem with other sections within WSC, various roofs within the Malta South WWTP were covered with photovoltaic panels for cleaner energy generation.

Discharge Permitting Unit (DPU)

All discharges into the sewer system ultimately reach the wastewater treatment plants. Illegal discharges not only create problems in the network but also adversely affect the operation of treatment plants, both biologically and mechanically. Trade effluents vary considerably depending on the nature of the trade, and certain chemical concentrations can be harmful to operations and need to be controlled. The sewer discharge regulations provide the legal basis for controlling such trade effluents, and the discharge permitting unit enforces them and promotes adherence. Trade premises are registered and regulated with DPU via a sewer discharge permit.

Inspections

During 2025, the DPU began laying the groundwork for the upcoming change to the Sewer Discharge Control Regulations, which should see a better allocation of resources for inspections towards compliance and new permits, rather than continuing with an annual permit-renewal regime. A number of meetings with industry stakeholders were also held to continue educating and preparing them for the new regulations.

During this year, the DPU's focus was on targeting new un-permitted entities and on

increasing compliance inspections. This in fact resulted in a 74% increase in compliance inspections over the previous year.

DPU inspectors carried out a total of 4004 inspections across establishments in all sectors of industry in Malta and Gozo during 2025. In addition to routine inspections, the DPU is responsible for investigating illegal discharges, which are generally more complex and require collaboration with other sections within the WSC and liaison with the police. Inspections related to Planning Authority (PA) compliance clearances also increased by 13%. This aligns with WSC's continued efforts to curtail illegal connections of rainwater systems to the sewer network in newly constructed buildings. Building on previous years' work, a total of 495 PA compliance inspections were carried out throughout 2025. A monthly breakdown of the inspections carried out is presented below.

Permits

The permitting efforts for 2025 had a different tone, given that all permits that expired in 2025 were automatically renewed. This was done in preparation for the legislative change, to reduce unnecessary bureaucracy and, most importantly, to start regularising unpermitted entities. This resulted in a total of 3125 permits issued, including 3018 renewals and 107 new permits. Moreover, the number of new permits increased by 37% over the previous year, in line with the target.

The number of permitted entities has steadily increased over the past 10 years, as shown in Table 4. Over the past year, the Discharge Permit Unit has worked to streamline its internal processes, making sure that the compliance levels of permitted entities meet the highest standards.

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-25	575	444	89	90	38	3	56	28	7	5	274	94	180
Feb-25	463	334	62	78	50	1	38	9	1	0	200	80	120
Mar-25	365	257	31	76	29	3	7	25	6	3	330	122	208
Apr-25	381	249	39	84	44	4	20	3	1	0	356	133	223
May-25	401	270	36	74	46	11	40	5	1	7	320	114	206
Jun-25	383	215	66	114	42	12	23	35	5	3	328	123	205
Jul-25	331	198	31	56	51	26	43	19	8	4	221	54	167
Aug-25	202	134	11	32	30	6	26	19	8	8	167	59	108
Sep-25	235	151	32	30	37	17	22	28	8	5	230	66	164
Oct-25	254	154	No data	55	45	0	29	28	2	3	235	117	118
Nov-25	226	120	No data	38	43	25	24	13	8	5	252	102	150
Dec-25	188	108	21	32	40	8	20	30	13	6	212	80	132
2025 Totals	4004	2634	418	759	495	116	348	242	68	49	3125	1144	1981

Table 4 Statistics covering DPU operations for 2025

A timeline of the increase in the number of entities covered by a permit since January 2015 can be seen in Figure 51.

Enforcement – NTC

In 2025, DPU consistently enforced the Sewer Discharge Control Regulations, issuing a significant number of Notices to Comply (NTCs) and legal letters. A total of 348 NTCs were issued, marking a 44% rise from the previous year, while 310 NTCs were closed during the same period. Of these closed cases, 70% were resolved through issue correction by inspectors. For most unresolved cases, legal action was taken, resulting in 49 legal letters sent — a 48% increase from the previous year.

Enforcement tools – Monitoring Stations and Road Tanker Influent Points

The DPU wastewater Monitoring Stations continued to play an important role as a tool for the section in regulating illegal discharges into the sewer network. The most prevalent discharges were those related to seawater intrusion into construction sites, which were being emptied into the wastewater network.

These stations act as a continuous monitoring operation that allows pinpointing of trends and quality issues. One such example was Baħar iċ-Ċagħaq pumping station. Monitoring station data confirmed that there was a marked increase in conductivity, as can be seen in the increasing red trend line in Figure 54 below. The DPU took the necessary enforcement action and brought the illegality to an end. Subsequently, the conductivity levels returned to normal, as shown in the area marked in green.

The DPU continuously monitors these stations and conducts necessary investigations to curb any illegalities. The DPU is also committed to further expanding the capabilities of these stations so that more data on the nature and quality of the wastewater is made available.

A subset of these stations (seven 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 via a controlled access system, and only ERA-registered wastewater carriers will be permitted access.

DPU performance January 2015-December 2025

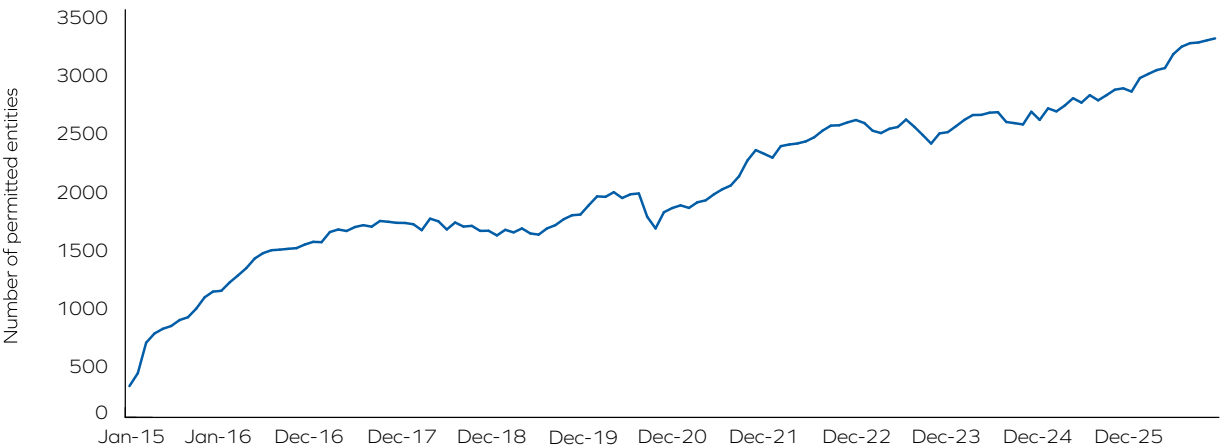


Figure 51 Number of permitted entities year-on-year for the past 10-year period

These specialised monitoring stations are also equipped with a refrigerated automatic sampler and are set up to monitor discharges from these waste carriers. This will help the DPU investigate any suspicious discharges and easily identify their origin. It is envisaged that the first RTIPs will be operational by mid-2026, with the remaining stations rolled out gradually.

PA Clearances & Reduction of rainwater discharge to sewer

During 2025, the DPU continued its efforts regarding 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 no rainwater is being diverted to the sewer.

Rainwater discharges into sewers are a major problem for the WSC, with significant impacts on the wastewater network, inconveniences to the public when manholes overflow, and severe impacts on wastewater treatment operations. As part of this increased awareness, during 2025 the WSC conducted **495** PA-related inspections and issued **848** clearances in total.



Figure 52 Monitoring Station



Figure 53 Marsa RTIP



Figure 54 Snapshot from SCADA showing conductivity of the wastewater received by Bahar iç-Çağhaq PS for the period 01-09-25 to 04-12-25

WSC Laboratory (Quality Control)

WSC operates in an ISO 9001 environment, with a documented methodology and trained personnel to *get it right the first time*. Nonetheless, continuous checking and monitoring of the various process parameters and products is not only essential but also legally binding, to ensure our products are of good quality and meet the satisfaction of our customers, and are in line with the respective laws and regulations. This quality control is performed by a dedicated team of professional scientists and analysts operating in the WSC Laboratory, an ISO 17025:2017 accredited laboratory specialising in water and wastewater analysis.

A key milestone during the year was the successful completion of the ISO/IEC 17025 surveillance audit, which provided independent confirmation of the Laboratory’s continued technical competence, the effectiveness of its quality management system, and the robustness of its measurement assurance practices. Building on the positive audit outcome, the Laboratory also secured an extension to its accredited scope, expanding accredited on-site testing through the deployment of multi-parameter field meters and reinforcing confidence in the integrity and traceability of field results.



WSC embarked on a project to improve the taste of tap water, while continuing to ensure microbiological safety across all areas of the islands, even in summer

In 2025, the WSC laboratory processed over 14,000 samples and conducted 143,000 analyses.

2025	Number of Samples Analysed
Tap water Village points	1323
Water Reservoirs	513
Pumping Stations	508
Boreholes	645
Reverse Osmosis	1218
Water Leakages	703
Laying of new mains	417
Internal investigations	584
Customer complaints	168
Private customers	1482
Wastewater Treatment Plants	6269
New Water Monitoring	686

Table 5 Samples analysed in 2025

Potable Water

In 2025, the laboratory played a key role in improving tap water quality and taste across the Maltese Islands. WSC embarked on a project to improve the taste of tap water, while continuing to ensure microbiological safety across all areas of the islands, even in summer, when ambient temperatures exceeded 35 °C. Sampling and analysis are carried out using various methods, including field testing, verification/calibration of online instrumentation, and laboratory analysis.

Water is a very good solvent and a medium for the growth of organisms. Hence, ensuring that the chemical and microbiological integrity of such water is safeguarded until it reaches the customers’ taps is no easy feat.

Regular meetings with the Environmental Health Directorate are also held to monitor

and discuss trends and improvements in legionella monitoring and control across the nation.

Wastewater Monitoring

The WSC Laboratory's wastewater monitoring programme covers the analysis of all stages of wastewater treatment plants. Samples range from raw wastewater to treated effluent and serve as both process controls and benchmarks against the recast Urban Wastewater Treatment Directive (UWWTDr). This recast (2024) is already being implemented at various levels, and within the laboratory there will be a drastic increase in the parameters required for wastewater analysis in the organic chemistry fields.

Through the new satellite laboratory set up at Ta' Barkat, lab personnel are determined to provide better support to the STPs and operational teams, ensuring efficient result reporting and aiding in the arduous task of meeting the UWWTD obligations. Moreover, WSC's discharge permit unit also plays an integral supporting role, sampling wastewater from industrial outlets to ensure compliance with sewer discharge control regulations.

The WSC Laboratory also works hand in hand with the Department of Health – Infectious Disease Prevention and Control Unit, conducting weekly monitoring of raw wastewater samples to identify trends in infectious diseases.

New Water

The supply of New Water is quality-controlled to minimise risks to the environment and human and animal health. WSC Laboratory samples and analyses New Water from

the three polishing plants, reclaimed water reservoirs, and the various distribution points.

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

Lab: Investments, Upgrades and Plans (2025)

Following the recent recasts of the Drinking Water Directive and the Urban Wastewater Treatment Directive, the Laboratory focused in 2025 on strengthening its operational monitoring capability to ensure that drinking water quality and wastewater effluent comply with increasingly stringent regulatory requirements. During the year, the Laboratory successfully applied for an extension of its ISO/IEC 17025 scope, expanding accredited on-site testing by deploying multi-parameter field meters.

In parallel, the Laboratory increased operational investment in asset reliability and metrological assurance. This included planned maintenance across a broad equipment base, re-certification with technical engineers, and recalibration activities to confirm performance at required detection limits—ensuring readiness for tighter compliance expectations and reinforcing confidence in reported results.

Expanded Analytical Capability (2025)

New and upgraded techniques broadened the Laboratory's detection and diagnostic portfolio, including:

- **Automated multi-parameter analysers** to increase throughput and standardise routine workflows
- **Fluorescence-based technology** to accelerate *Legionella* analysis and improve responsiveness
- **Automated cell counting** to enhance repeatability and reduce manual handling
- **More robust rapid-diagnostic instrumentation**, enabling improved methods and shorter turnaround times for priority samples

These enhancements have already delivered measurable operational benefits, notably improved efficiency, accuracy and reduced turnaround times for priority tests. Looking ahead, the Laboratory is evaluating integrating artificial intelligence and machine

learning into automated platforms to strengthen predictive monitoring, accelerate operator reporting, and enable more adaptive quality control.

Continued investment in automation will remain a strategic priority to optimise productivity, quality, and customer service, while further strengthening compliance with ISO/IEC 17025.

Collectively, these developments also position the Laboratory to expand its accredited analytical portfolio and support a broader range of parameters required under the Drinking Water Directive. In addition, targeted investment in the Organic Chemistry Laboratories will enable PFAS analysis, ensuring the capability to meet emerging requirements and achieve the more stringent limit values being introduced.

Corporate Strategy





Corporate Strategy

Introduction

The Corporate Strategy Directorate, established in 2024, focuses on the Corporation’s Strategy, horizontal affairs, reporting obligations, and the administration of allocated EU Funds. As of August 2025, the Directorate also assumed the responsibility for the Corporation’s Health & Safety Unit and Energy Management, Research & Innovation.

The primary role of the corporate strategy directorate is to ensure that all efforts are aimed at achieving the Corporation’s ultimate vision—that is, to future-proof all our operations whilst maintaining higher quality and maximising available resources. The four-year 2024-2027 WSC Business Plan, compiled in 2024, was monitored closely to ensure timely completion. The latter also encompasses all the projects earmarked for funding under the EU 2021-2027 programming period.

being updated and will be published in Q2 2026.

Sector	2023-2033
water	132
wastewater	185
reclaimed water	60
Total	€377 M

Table 6 Updated National Investment Plan CAPEX

National Investment Plan

The Water Services Corporation embarked on a ten-year plan to invest a revised estimate of EUR 377 million to revolutionise the management and sustainability of Malta’s water and wastewater sector. This plan is

The National 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.

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

The 10-year plan also aims to align Malta with European water management standards while promoting the circular economy. This plan encourages resource recovery and the reuse of reclaimed water. Backed by the Ministry, the Corporation is seeking EUR 118 million in EU funds to partially co-finance the plan, in addition to EUR 10 million raised from the WSC Green Bonds launched in 2023.



Commitment to our nation's health, environment, and future generations

WSC Business Plan 2024-2027

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

WSC Business Plan Monitoring 2024-2027



Figure 55 WSC Business Plan Monitoring Power BI Dashboard – end 2025 snapshot

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 (BP), adopted in July 2024, outlines more than 170 actions and projects totalling approximately EUR 265 million in investment. This investment represents over 70 per cent of the total capital outlay in the National Investment Plan and is currently being updated in line with the NIP revisions. As of December 2025, 50% of the planned actions were completed. The remaining tasks are being reviewed and will be carried over to the forthcoming three-year forward-looking BP, covering the period 2026-2028.

EU Funds Unit

Under the Corporate Strategy Directive, the EU Funds Unit is the Corporation's administrative arm, managing all allocated EU Funds. During 2025, the EU Funds Unit closed off two major EU Cohesion Funded projects, namely:

CF10.998 — Net Zero Impact Project covering potable water, wastewater and reclaimed water sectors: The total Public Eligible amount granted for this project was EUR 92.5 million, of which EUR 91.7 million was disbursed by year-end, translating to EUR 78 million (85% EU) and EUR 13,8 million (15 %MT), respectively. Project implementation is now complete, and no further disbursement is anticipated.

EAFRD M4.3 Call 1 – Malta South New Water Network extension: The total Public Eligible amount granted for this project was EUR 24.5 million, all of which was disbursed by year-end. Project implementation is almost through, with closure expected by mid-2026.

EAFRD M4.3 Call 2 – Malta Southwest New Water Network extension and Barkat Polishing Plant upgrade: The total Public Eligible amount granted for this project was EUR 20.9 million, of which EUR 11 million was disbursed by year-end. Project implementation is underway, with an expected completion by Q3 2026.

Moreover, applications were submitted and accepted for three additional major projects under three distinct EU Funding instruments, namely:

- 1. Cohesion Fund: CF05.259 — Enhancing Malta's Resilience: Sustainable Potable Water Infrastructure for a Changing Climate – EUR 68.7 million.** The project targets the potable water sector, namely RO plant capacity upgrades (26,000 m³/day increase in daily production) and circa 70km of distribution network improvements. The total Public Eligible amount granted for this project is EUR 62.0 million, of which EUR 10.0 million was disbursed by year-end. The grant is capped at EUR 52.7 million, an

85% EU co-financing element. Project implementation began in 2025, with an anticipated completion in 2028.

2. European Regional Development Fund – ERDF02.260 — Towards a Sustainable and More Resilient Wastewater

Sector for the Maltese Islands - EUR

92.3 million. The project targets the upgrading of the Gozo and Malta North wastewater treatment plants and improvements on circa 30km of wastewater collection network. The total Public Eligible amount granted for this project is EUR 55.0 million, of which EUR 5.6 million was disbursed by year-end. The grant is capped at Eur 33 million, a 60% EU co-financing element. Project implementation initiated in 2025 with an anticipated completion in 2028.

3. Common Agricultural Policy – Strategic Programme – CSP.I73.3.2/1 - Off-Farm Investments Infrastructure (Water) —

The total Public Eligible amount granted for this project is EUR 10.0 million. Disbursement will commence in 2026 with a settlement of advance payments for two polishing plant capacity upgrades in Gozo and Malta North. Project implementation will kick off in 2026 with an anticipated completion in 2028.

EU Matters, Reporting and Horizontal Affairs

During the period under review, the Corporate Strategy Directorate closely monitored the transposition of the recast EU Urban Wastewater Treatment Directive (91/271/EC), adopted in January 2025. It served as ERA's focal point for technical matters affecting WSC's wastewater treatment operations.

WSC Energy Consumption 2025

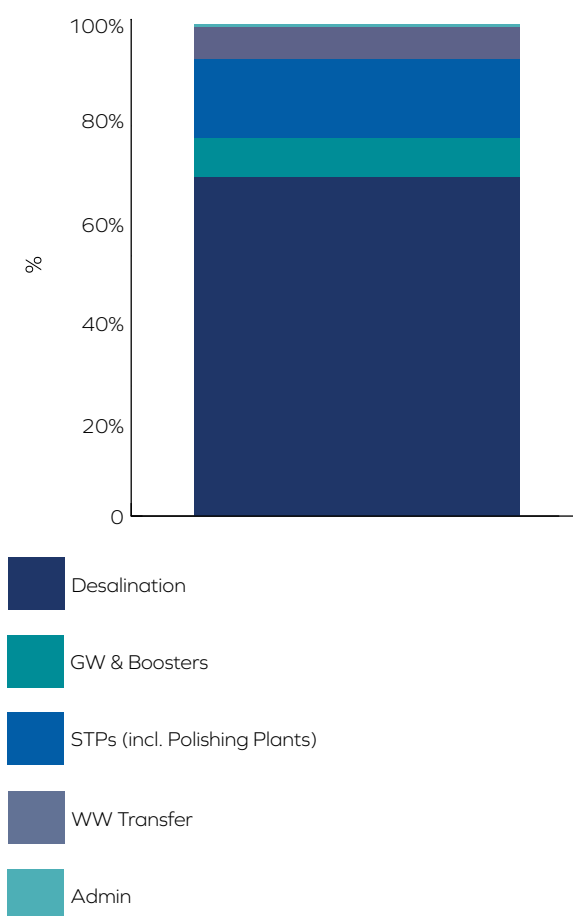


Figure 56 Energy consumption by category

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

Energy Management, Research & Innovation

An overview of key initiatives, pilot projects, and strategic focus areas currently being undertaken within the newly established Energy Management and Research &

Innovation section, under the Corporate Strategy Directorate, follows.

Energy Management

In 2025, the Water Services Corporation consumed 190 million units of electricity, with desalination accounting for most of this energy, as shown in the graph below. Significant efforts are underway to strengthen monitoring, improve efficiency and align with upcoming regulatory requirements.

A Corporation-wide real-time Energy Dashboard (snapshot below) is being developed to monitor consumption and benchmark specific energy performance (kWh/m³) for all processes. Each process will be evaluated and optimised for energy use. Optimised energy consumption levels will then be used as a benchmark for process improvement. A comprehensive ISO 50001 gap analysis is also in progress to meet new Energy Efficiency Directive requirements, shifting toward consumption-based audit obligations.

Research & Innovation – Potable Water Pilot Projects

The unit is collaborating with a number of entities to explore the possibility of producing hydrogen from the removal of nitrates, as well as producing hydrogen and other minerals that could be recovered from brine, a waste stream generated by the desalination process.

The unit, together with the Technical Support Services arm of the Corporation, is designing an online quality monitoring system to ensure optimal water quality throughout the network.

A comprehensive ISO 50001 gap analysis is also in progress to meet new Energy Efficiency Directive requirements



Figure 57 Energy dashboard

Research & Innovation – Wastewater Pilot Projects

There are various pilot projects ongoing within the different areas of technologies in wastewater, as highlighted below:

- WSC is participating in a consortium supporting the EU Mission 'Restore Oceans and Waters by 2030', with work involving algae-based treatment, biomass valorisation, water reuse, ecological restoration, and demo sites for leachate and wastewater treatment.
- An online predictive maintenance software has been introduced on various wastewater pumping equipment across the island to monitor energy consumption and out-of-spec values, preventing major breakdowns/failures.
- Various sensors on the wastewater network are being tested to monitor a number of operating parameters. A larger-scale project will be implemented to manage the network more efficiently.
- Wastewater treatment is also an area the unit is focusing on. Discussions with various companies are underway to evaluate new technologies to improve wastewater treatment, odour abatement, sludge drying and energy generated from biogas.

Strategic Focus

This section aims to continue improving energy efficiency at WSC by reducing the net specific energy absorbed from the grid, while increasing renewables and valorising process waste streams. Furthermore, we are advancing towards ISO 50001 (EMS) standards and compliance, while continuing to confirm the technical and commercial

feasibility of the abovementioned pilot projects, and working on introducing further innovative technologies to optimise WSC's processes.

Health and Safety Office

The Health and Safety Office at the Water Services Corporation remains committed to maintaining a safe and healthy working environment across all operational sites and projects. Throughout the reporting period, the Office continued to strengthen its proactive approach to occupational health and safety through systematic monitoring, structured risk management, and active workforce engagement.

Site Inspections

Regular general site inspections were conducted across all facilities to ensure compliance with health and safety standards, internal procedures, and regulatory requirements. These inspections enable early identification of hazards and support the continued promotion of a proactive safety culture across the corporation.

To maintain high safety standards in capital and infrastructure projects, the Corporation engaged outsourced Project Supervisors to monitor works commissioned by WSC. These supervisors provide independent oversight, ensuring that contractors adhere to established health and safety requirements throughout project execution.

Accident Investigations

All reported incidents and near misses were subject to structured accident investigations that applied root-cause analysis methodologies to identify systemic issues and

Site Inspections and Project Supervision

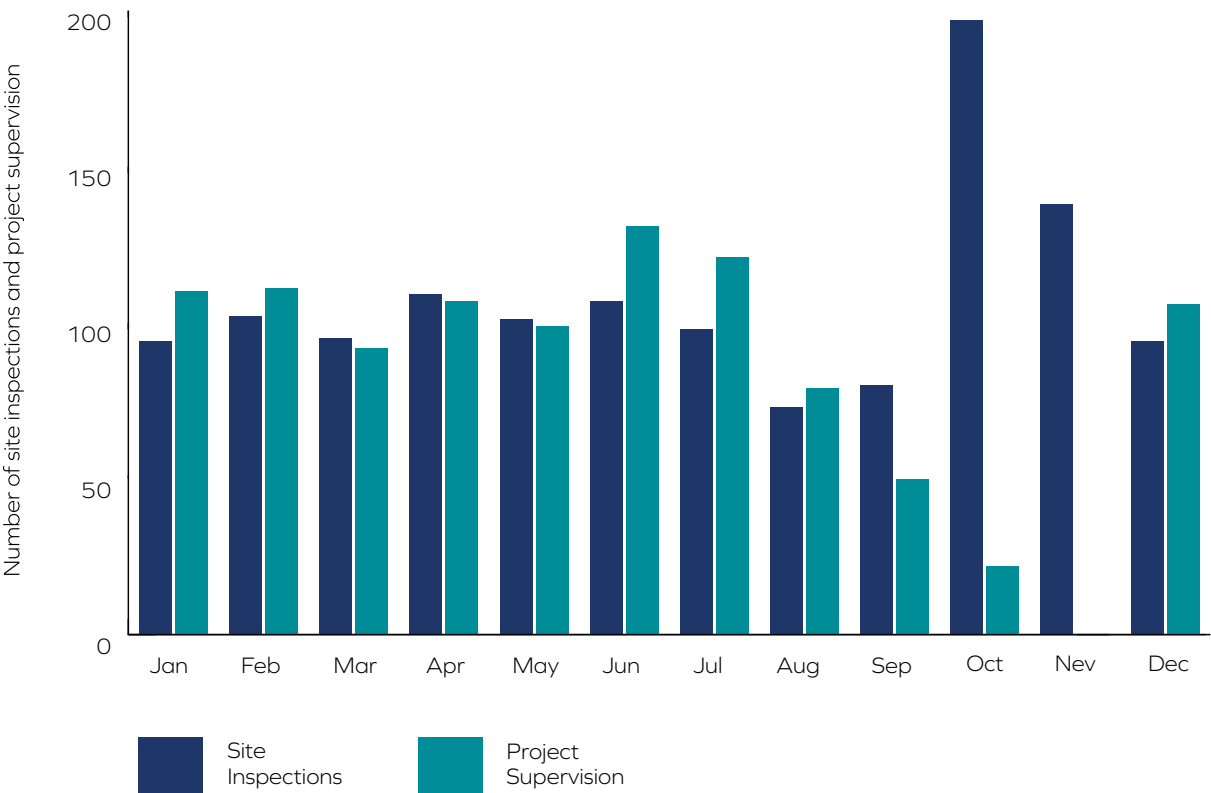


Figure 58 Site inspections and project supervision

prevent recurrence. The injuries recorded during the period under review were 0.9 days per person per year.

Non-Conformances Records

The Office maintained a structured non-conformity management system, ensuring that identified gaps were recorded, risk-rated, and resolved. Continuous monitoring of open actions supported timely closure rates and reinforced accountability across departments.

Training, Awareness and Emergency Preparedness

The Health and Safety Office delivered targeted health and safety training sessions to employees at various levels of the organisation, covering core safety principles,

hazard identification, and regulatory obligations. In addition, fire drills were conducted at every site every six months, ensuring preparedness, effective emergency response, and compliance with fire safety regulations.



Through structured inspections, systematic investigations, risk-based planning, targeted training, and independent project supervision, the Corporation continues to enhance its safety maturity



Figure 59 Educational health and safety information

Safety Talk

The Health & Safety unit is distributing periodic safety talk literature among all users to reinforce WSC's commitment to maintaining a safe and responsible working environment. These talks are designed to raise awareness, promote best practices, and ensure that everyone remains informed about potential hazards and proper safety procedures.

Continuous Improvement and Safety Culture

The Health and Safety Office remains committed to embedding a measurable and performance-driven safety culture. Through structured inspections, systematic investigations, risk-based planning, targeted training, and independent project supervision, the Corporation continues to enhance its safety maturity and reduce operational risk exposure. In parallel, it is also advancing

its digitalisation strategy for reporting processes, enabling real-time data capture, improved record accuracy, and instant access to performance insights to support informed decision-making and proactive risk management.

The Health and Safety Office is committed to strengthening and sustaining a proactive health and safety culture across the organisation. Achieving this goal requires more than policies and procedures—it requires collective responsibility and visible commitment at every level.

Building a truly effective health and safety culture depends on engagement from top to bottom. Leadership and management must lead by example, demonstrating accountability, integrating safety into decision-making processes, and actively supporting health and safety initiatives. At the same time, employees at all levels play a vital role by embracing safe practices, participating in training, and contributing to continuous improvement.

By working together—with management leading by example and all staff fully engaged—we can create a safer, healthier workplace for everyone.

Strategic Information and Analytical Support



Strategic Information and Analytical Support

Geographic Information Systems Section

Dataset Alignment, Infrastructure Upgrades, and Government License Agreement

Geographic information and related systems remain a core component of WSC's operations, underpinning decision-making, planning and service delivery across all business areas. During the year, all corporate datasets were reprojected to ensure spatial compatibility with universal mapping platforms, eliminating

the need for ongoing reprojections, reducing maintenance requirements and materially lowering the risk of geocoding errors. Major infrastructure upgrades and software enhancements were completed across the geographic information system



Major infrastructure upgrades and software enhancements were completed



Figure 60 All corporate GIS datasets were reprojected

(GIS) environment, improving performance, reliability and scalability.

Precise Field Geo-Coding of Network Assets

In 2025, our GIS technical teams continued field data capture, accurately geocoding approximately 42 km of road projects, translating to about 53 km of pipes and associated fittings. Teams also completed numerous geocoding tasks across the network to support Non-Revenue Water reduction initiatives and other priority projects. All field-collected data was precisely recorded in the corporate enterprise GIS, ensuring both existing water distribution and New Water



Figure 61 Precise field geo-coding

and wastewater network assets are fully up to date to support improved monitoring, planning and management.

Meter Pressures and Average Zone Pressures

During the year, the GIS section leveraged spatial intelligence techniques to develop a visual representation of water pressure data at the individual meter level, enhancing operational awareness and analytical capability. Existing point and polygon datasets

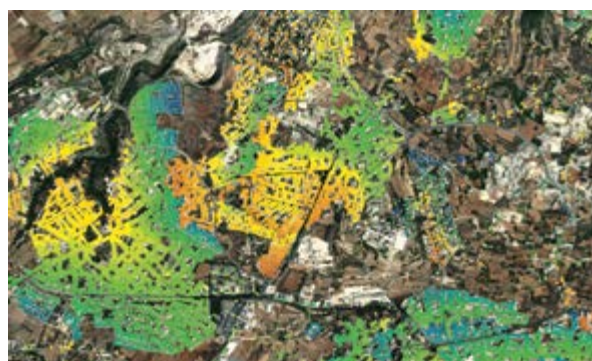
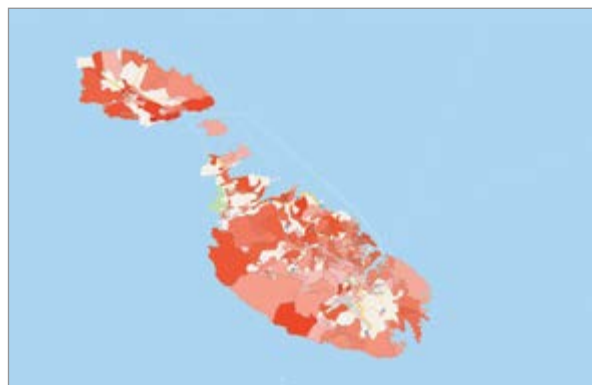


Figure 62 Visual representation of water pressure data

were updated to incorporate established water pressure calculations. Consumer meter points and defined network areas were refined to display water pressure levels and area averages through clear, intuitive colour coding. This approach delivers an accessible visual overview of pressure conditions across the distribution network, enabling teams to rapidly identify areas requiring attention and supporting more effective day-to-day monitoring and decision-making.

Manhole Surveying Initiative for Enhanced Wastewater Network

Building on the comprehensive dataset generated by the 2024/2025 manhole surveying programme, the Corporation has developed its first dedicated prototype application to visualise wastewater manholes and network elevation profiles across selected sections of the system. The application enables engineers and technical staff to dynamically view longitudinal profiles, including invert levels, pipe diameters, gradients, and key manhole attributes for any selected network segment. By integrating high-accuracy survey data into the existing GIS environment, the tool strengthens analytical capabilities, supports evidence-based decision-making, and enhances planning for maintenance,

rehabilitation, and future network upgrades. This initiative represents a significant milestone in the Corporation’s transition to a more data-driven, proactive approach to wastewater network management.

Infrastructure Section

SCADA Cloud Migration

During the year, the Water Services Corporation successfully migrated both its Water and Wastewater SCADA systems to a cloud-based platform. This transition significantly enhanced system resilience, business continuity, and operational flexibility, while reducing reliance on Head Office infrastructure. Secure remote access and ongoing re-routing of field outstations to the cloud have further strengthened system availability and disaster-recovery readiness, supporting the Corporation’s long-term digital resilience objectives.

SCADA for the New Water Network

WSC’s SCADA system is a critical enabler for the monitoring, control, and efficient operation of both the Water and Wastewater networks across the Maltese Islands. In light of the significant investment and expansion of the New Water Network, a robust, scalable SCADA platform is essential to support water balancing, leak detection, centralised pump operations, and full visibility into reservoirs and network assets.

The availability of a fully functional SCADA system ensures that operational decisions are data-driven, responsive, and aligned with optimal network performance. Recent upgrades further support continuity, scalability, and long-term operational resilience, in line



Figure 63 Manhole surveying initiative

with the New Water Network’s evolving requirements.

Core Network Infrastructure

During the reporting period, a review of WSC’s core network infrastructure identified that key Head Office and data centre network switches were approaching their end of life. Given their critical role in supporting corporate systems and operational platforms, the renewal of the core network switching environment was prioritised to mitigate risks related to reliability, performance, and security.

The initiative includes the replacement and commissioning of modern network switches aligned with industry best practices and WSC standards, and forms part of the Corporation’s ongoing efforts to modernise its ICT infrastructure and maintain a secure, resilient, and high-availability network environment.

Software Development Section

E-Files (Filesystem V2)

A redesigned and modernised File System was deployed following a complete technology refresh. The upgraded platform strengthens support for day-to-day operations and is now adopted across the Corporation and by other government entities. Enhancements include improved structuring and management of electronic files, controlled access to private records, streamlined navigation, and more effective handling of minutes and supporting documentation through enhanced search and contextual referencing. The introduction of automated minute generation from emails has further improved operational efficiency and reduced manual processing.

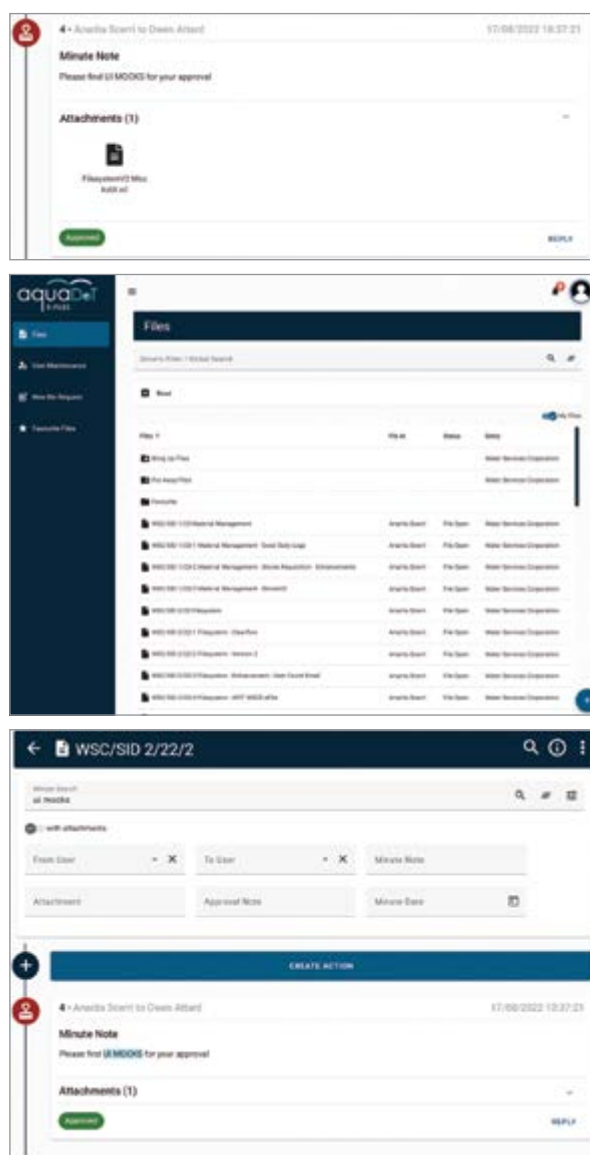


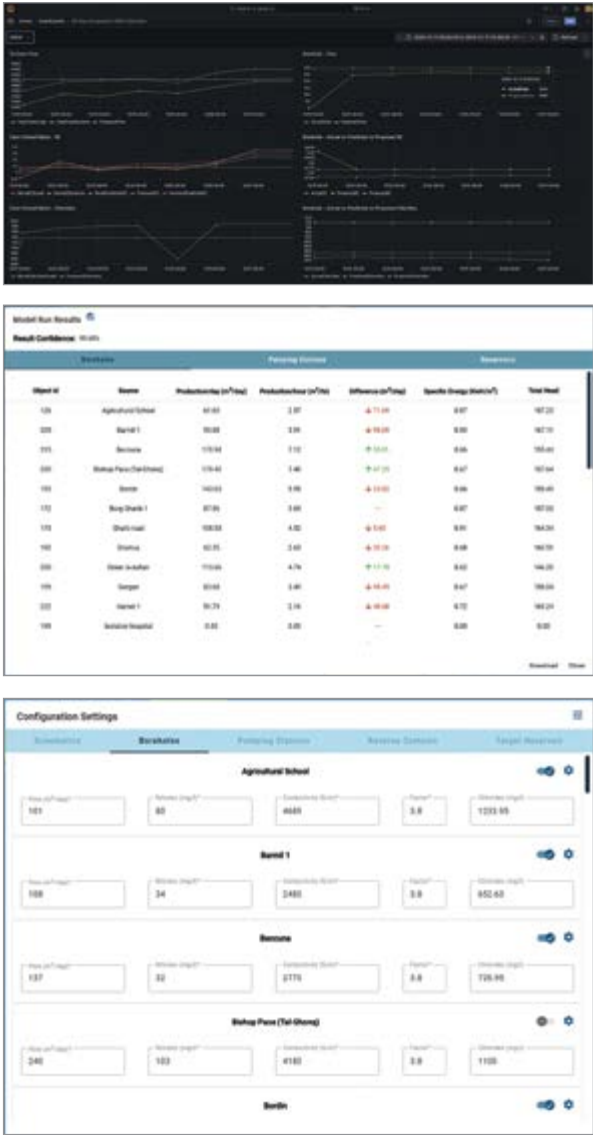
Figure 64 A redesigned and modernised File System

AI-Powered Water Blending

An AI-driven optimisation project was implemented to improve water pump efficiency and reduce energy consumption in water production. The solution supports data-driven operational decisions by optimising energy use, maintaining compliance with regulatory limits for key water quality parameters, including chloride and nitrate levels, and managing water reserves across collection reservoirs.

The initiative involved developing and deploying advanced deep-learning models

tailored to individual boreholes to accurately forecast energy consumption based on historical flow patterns. Complementary models were also implemented to predict chloride concentration trends, supporting the optimal and cost-effective use of water resources.



The MART system was implemented as a decision-support and visual analytics platform to strengthen the monitoring and management

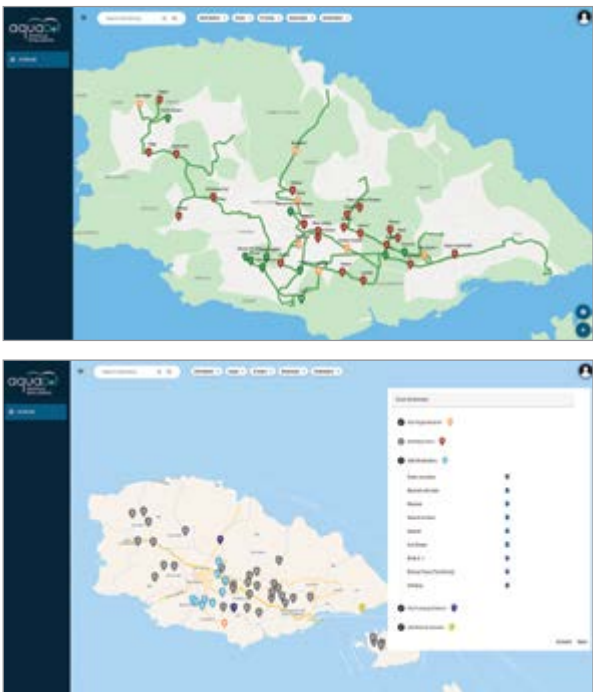


Figure 65 An AI-driven optimisation project was undertaken

MART (NRW System)

The MART system was implemented as a decision-support and visual analytics platform to strengthen the monitoring and management of Non-Revenue Water (NRW) across the distribution network. It provides structured visibility of NRW performance across zones, subzones, and District Metered Areas, enabling targeted analysis at multiple network levels.

Through interactive dashboards and trend analysis, the system supports the identification of losses, anomalies, and inefficiencies, transforming NRW data into clear, actionable insights and enhancing data-driven operational decision-making.

Discharge Permit Unit Application (DPU) V2

A new version of the DPU system was deployed, featuring enhanced functionality to improve operational efficiency and



Figure 66 The MART system

regulatory oversight. The upgraded platform provides a comprehensive interface for managing establishment records and supports streamlined discharge inspection workflows, including scheduling, execution, and automated handling of related documentation.

The system also introduces enhanced reporting capabilities, delivering consolidated visibility of establishments, inspections, payments, and permits, with advanced filtering and data export features. These improvements enhance transparency, support data-driven decision-making, and improve overall operational effectiveness.

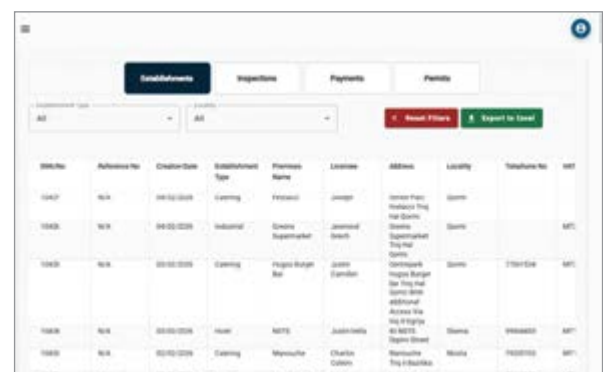


Figure 67 A new version of the DPU system was deployed

Business Intelligence Section

Process Automation

During the year, the Corporation introduced Robotic Process Automation (RPA) to automate routine, rules-based processes, initially within the Metering Section. The deployment of software bots reduced manual intervention, improved process consistency, strengthened controls, and enhanced data quality, resulting in higher throughput and reduced rework. In parallel, digital capabilities were expanded across new services and external plant operations through the deployment of mobile tablets, enabling real-time data capture, onsite workflow execution, and faster job completion. This initiative is planned for a soft launch in early 2026.

In 2025, further automation was delivered through Phase II of the Purchase Order project, extending automation across additional stages of the procurement and payment lifecycle. Enhancements included broader coverage of purchase order types, improved document management, accelerated approval and payment workflows, and the introduction of management dashboards for improved visibility. Collectively, these improvements have streamlined procurement processes, increasing transparency, and improving overall operational efficiency.



Figure 68 Robotic Process Automatic (RPA) was introduced

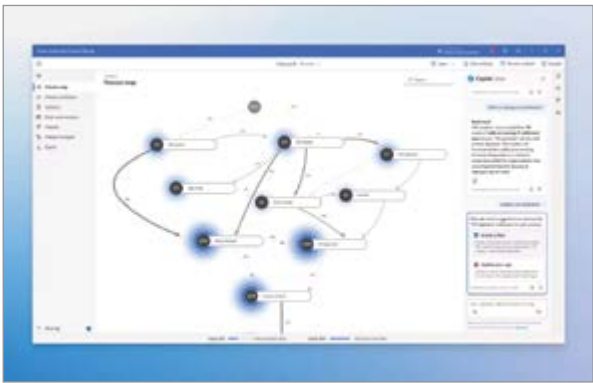


Figure 69 Further automation was delivered through Phase II of the Purchase Order project

SAP Migration

During the year, the Corporation successfully completed a controlled upgrade of its SAP landscape to SAP S/4HANA, transitioning the platform to the current, fully supported release. This upgrade establishes a modern and sustainable technology baseline, simplifying ongoing maintenance through up-to-date support packages and clearer lifecycle governance.

The transition delivered tangible operational benefits, including an improved, role-based user experience via SAP Fiori, enhanced usability, and more effective operational tools to support the adoption of new functionality.



Figure 70 WSC's SAP landscape was upgraded to SAP S/4HANA

The upgrade also strengthened the Corporation’s security, stability, and resilience by moving to a more modern and robust platform architecture.

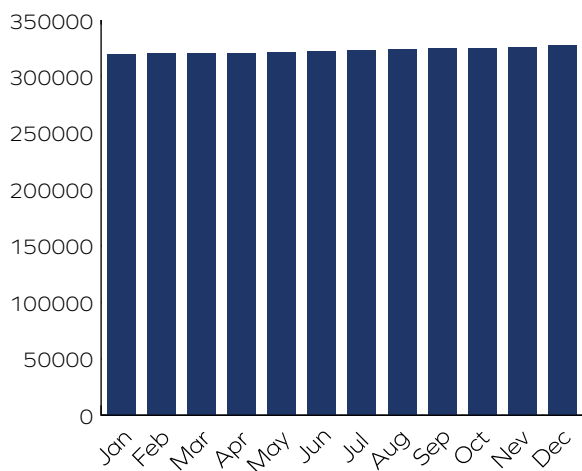
Metering

Strategic Meter Replacement and Operational Efficiency Achievements

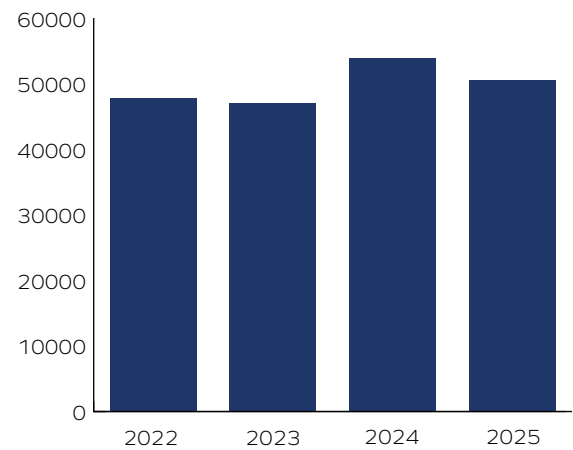
In 2025, the Corporation continued to strengthen its strategic approach to meter replacement, focusing on performance and measurement accuracy rather than age alone. Each meter is assessed according to its contribution to overall system accuracy, with the aim of maintaining a relatively young meter population and minimising under-registration associated with ageing meters and low-consumption profiles.

With a meter population exceeding 327,000, the long-term strategy aims to replace approximately 35,000 meters annually. In 2025, a total of 34,200 meters were replaced, matching the output of the previous year. This was achieved alongside an 8% reduction in installer jobs, reflecting improved planning, optimised workflows, and more efficient resource use.

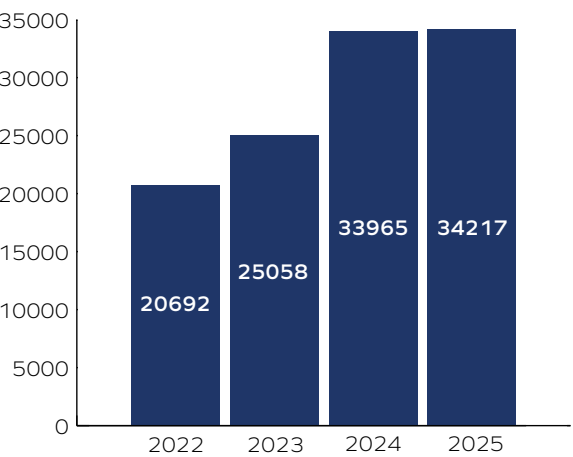
Active Meters



Total no. of Jobs



Total No. of Meters replaced



Performance Indications		
	2024 Pending Average	2025 Pending Average
Association Errors	~ 150	~25(+125)
BUPFs	~ 150	~85(+65)
Recovery Queue	~68	~48(-20)
Jobs completed in time	78%	81%(3%)

Figure 71 WSC continued to strengthen its strategic approach to meter replacement

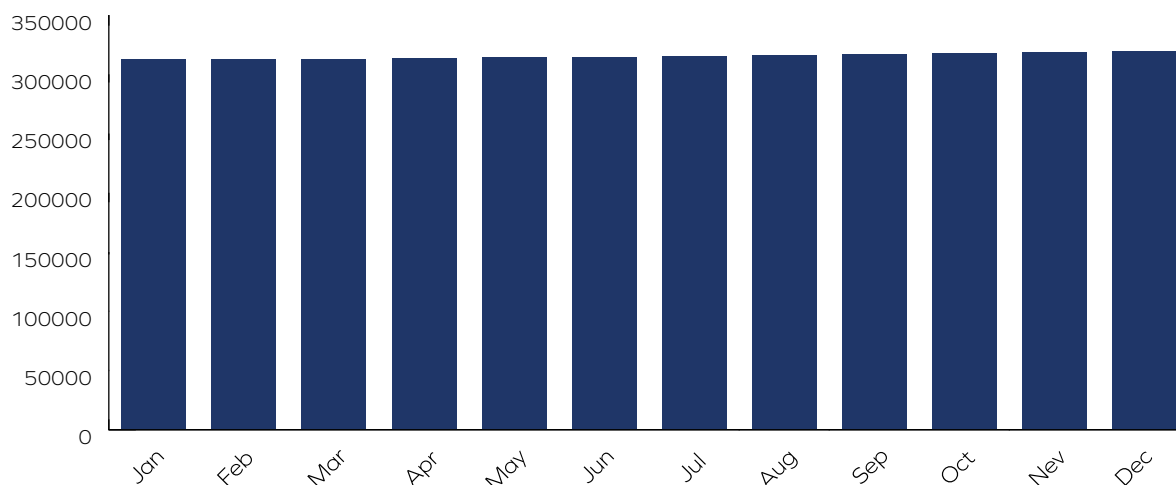


Figure 72 Active modules

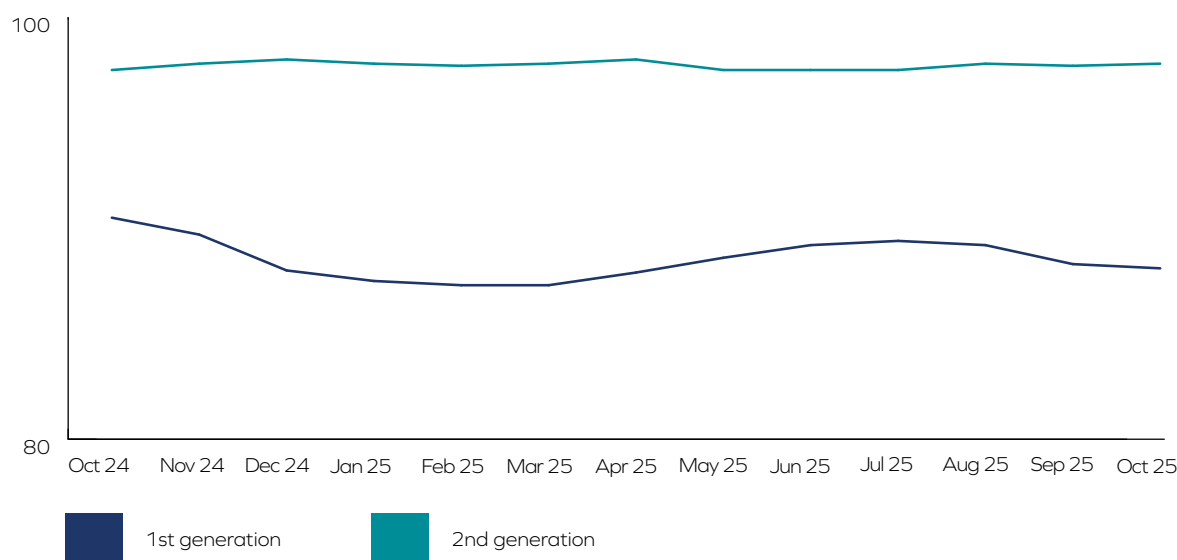


Figure 73 1st Generation vs 2nd Generation network performance

Operational performance was further supported by a dedicated back-office team responsible for monitoring billing accuracy and resolving discrepancies. Key performance indicators showed marked improvements compared to 2024, with association errors reduced by 83%, billing update failures decreasing by **43%**, and the recovery queue reduced by 29%. Timely job completion also improved by **3%**, demonstrating enhanced operational efficiency.

At the same time, the volume of cases requiring review, feedback, or instruction increased by **17.9%**, reflecting higher engagement by ARMS and WSC teams in addressing meter-related issues and ensuring data integrity across the metering and billing process.

AMM Infrastructure Performance Overview

The Advanced Metering Management (AMM) infrastructure continued to demonstrate

strong operational performance throughout 2025, with gateway availability consistently exceeding 94%. The network, comprising 229 installed base stations, provides wide coverage and a stable operational platform.

A key achievement during the year was the significant reduction in network criticality, measured as the number of meters served by a single gateway. This figure was reduced to approximately 21,000 meters, compared to an average of 28,000 in 2024, reflecting targeted interventions to improve redundancy and reduce single points of failure. These improvements have further strengthened the AMM system’s resilience and overall stability.

1st Generation to 2nd Generation Network Performance Evolution

The progressive migration from 1G to 2G communication modules has delivered measurable improvements in network performance and reliability. By the end of 2025, 97.55% of the approximately 320,000 meter complement were equipped with a communication module, reflecting near-complete network coverage.

The legacy base of approximately 140,000 1G modules continued to operate at a stable daily readiness level of around 88%. In contrast, the newer generation of more than 80,000 2G

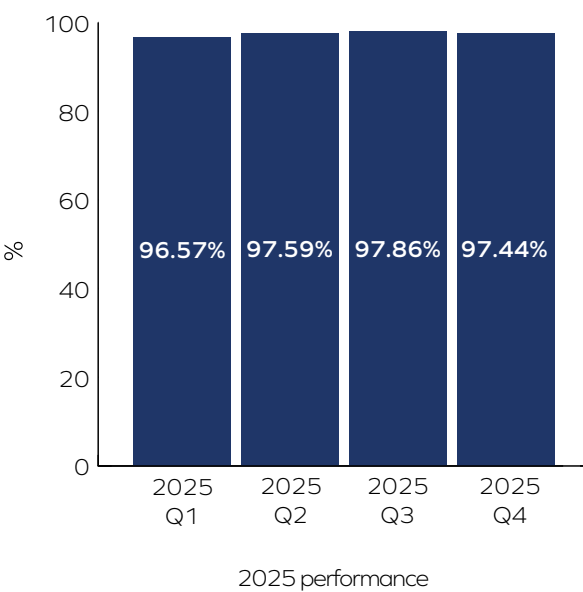


Figure 74 AMM gateway availability consistently exceeded 94% throughout 2025

modules demonstrated consistently stronger performance, achieving daily readiness levels exceeding 97%.

This technology transition has also contributed to the lowest network criticality levels recorded to date, underscoring significant gains in connectivity resilience, data acquisition reliability, and overall operational efficiency. The results reinforce the strategic value of continued migration towards 2G technology as a cornerstone of the Corporation’s metering infrastructure modernisation.



NB-IoT Proof of Concept Outcomes

In 2025, the Corporation completed a proof-of-concept to evaluate NB-IoT (Narrow Band Internet of Things) technology as an alternative metering communication solution, with participation from four suppliers. The assessment demonstrated a substantial improvement in connectivity and data transmission reliability, particularly in challenging locations, where performance increased from approximately 20–30% with the existing technology to 80–90% using NB-IoT.

The results highlight the strong potential of NB-IoT to enhance remote meter communications, improve data availability, and further strengthen the resilience of the metering infrastructure.

Strengthening Private Groundwater Sources Monitoring and Data Management

Groundwater source management was strengthened through the deployment of a dedicated application to enhance monitoring, data management, and regulatory oversight. In parallel, an ongoing collaboration with ERA is aligning databases to improve data consistency, integration, and system efficiency. Work is also underway to harmonise non-compliance reporting, supporting consistent enforcement and



Figure 75 Groundwater source management was strengthened

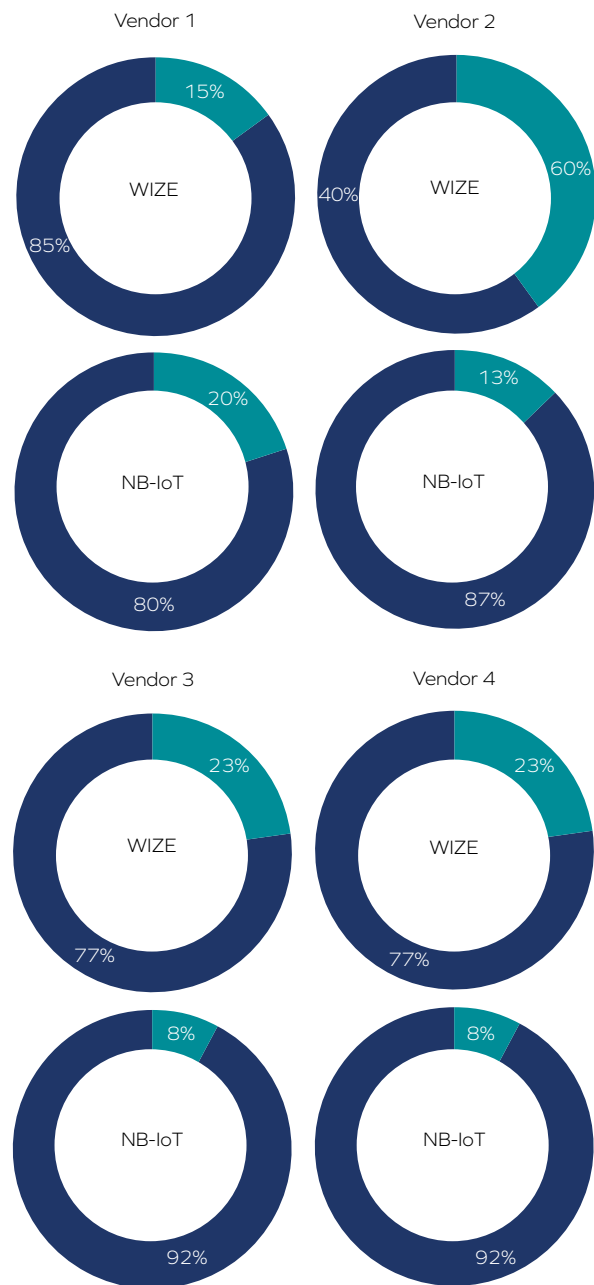


Figure 76 WSC completed a proof of concept to evaluate NB-IoT Technology



At present, TSS is installing a new photovoltaic system on the reservoir roof, further enhancing the facility's sustainability and contributing to WSC's renewable energy

greater transparency, while a parallel initiative is improving the accuracy and reliability of related GIS data.

Digital Process Automation and Monitoring Enhancements

Digital Process Automation

In 2025, the Corporation made significant progress in advancing digital process automation. Installer Appointment Reports were partially automated through a centralised repository, enabling automated notification generation and significantly reducing manual workload.

Further enhancements were implemented within the Scheduled Interventions repository, where updates on completed interventions are now automated, improving traceability, real-time status visibility, and reporting accuracy. In addition, automated monitoring of pending notifications was introduced to streamline work order validation and support automated closure, substantially reducing the need for manual intervention.

Monitoring Enhancements

In 2025, the Heavy Consumers dashboard was enhanced with an advanced analytical algorithm to monitor meters serving high-consumption customers. By evaluating multiple performance indicators, the system assigns a health score to each meter, enabling the early identification of deterioration and prioritisation of interventions. This automated approach replaces manual checks, improving operational efficiency and supporting faster, more targeted responses to potential meter issues.

Power BI Dashboard Implementation

In 2025, a new Power BI dashboard was deployed to provide real-time visibility of individual stock levels, covering both new meters and meters designated for scrap. This enhancement strengthened inventory oversight and supported more efficient, controlled management of metering assets.

Building Management Services and Projects





Building Management Services and Projects

The Building Management Services (BMS) unit within WSC was established in 2024 to centralise and enhance various sections related to facility management and civil and architectural project design. The rehabilitation and maintenance of WSC's extensive portfolio of properties, and the well-being of its employees through workplace safety and comfort, remain at the forefront of the Corporation's priorities and long-term strategies.

A major milestone achieved by the BMS unit in 2025 was the successful launch of two long-awaited framework agreements: one covering Civil and Finishing Works, and another for the provision of Architectural, Civil Engineering, and Project Management services. These frameworks have enabled WSC to address operational requirements in a more structured and timely manner, significantly reducing the prolonged timeframes typically associated with traditional tendering procedures. While primarily intended to support major projects currently being undertaken by BMS, further strategic frameworks are already in development: one focused on landscaping services across all sites under the Corporation's responsibility and ownership, and another aimed at strengthening the existing WSC maintenance section to ensure faster, more efficient responses to maintenance requests.

At the same time, 2025 presented challenges in retaining and sourcing skilled

labourers within the Civil Works and Carpentry sections of BMS. These in-house teams play a critical role in addressing immediate operational and maintenance needs, enabling BMS to respond promptly to infrastructure issues while reducing reliance on external contractors and minimising delays. However, given the ongoing decline in the availability of skilled labour, BMS has had to strategically resort to outsourcing to maintain efficiency and ensure the timely completion of day-to-day works.

As WSC's infrastructure forms a fundamental component of the National Critical Infrastructure, security resilience remains a top priority. In this regard, WSC engaged Shield Security Consultants Ltd, a firm specialising in Security Risk Management, to conduct a comprehensive assessment of its critical assets. The assessment has been completed, and recommendations outlining enhanced security resilience

strategies are expected by the beginning of Q2 2026. The subsequent implementation of these measures will further strengthen WSC's security framework and safeguard its operations and infrastructure.

Equally important is the ongoing upkeep and cleanliness of WSC properties. Maintaining high standards of hygiene and workplace conditions is an integral part of facility management. Through consistent daily cleaning routines and structured maintenance practices, WSC ensures that office spaces and operational sites remain in optimal condition, fostering a productive, safe and professional working environment.

The priority flagship projects entrusted to the Architectural and Civil Design Office within BMS during 2025, namely, the regeneration of the Gżira Wastewater Pumping Station,

the development of the Interpretation Centre at Ta' Kandja, and the extension and refurbishment of WSC's Head Offices in Luqa, remain at the top of the priority list.

Gżira Wastewater Pumping Station

The official launch of the Gżira Wastewater Pumping Station project is scheduled for the second quarter of 2026. The development permit application was submitted in Q3 2025, marking a key step forward for the project. The tender issuance is expected to be concluded by early Q2 2026, and the project will be formally launched.

Civil, restoration, and finishing works are envisaged to commence during Q4 2026.

The project's design is characterised by a careful balance between operational requirements, community integration, and





Figure 77 Graphical renditions of the Gozo Wastewater Pumping Station

the provision of natural outdoor spaces accessible to the general public. Through this initiative, WSC will not only fulfil its strategic infrastructure mandate but will also deliver added value to the community, extending its contribution beyond its traditional operational scope.

Luqa Head Offices

Preparatory works for the refurbishment and extension of the WSC Head Offices in Luqa are well underway. BMS is currently finalising stakeholder consultations, a crucial exercise that has enabled the formulation of a comprehensive design brief.

The project has now progressed to the design stage, with Q3 2026 being targeted for the submission of the planning permit application.

In parallel, BMS has recently completed an extensive refurbishment of the PRS, Accounts, HR, and IT offices. In March 2026, works will also commence on a significant upgrade of

the Control Room, delivering a new state-of-the-art operational space.

Importantly, these refurbishments are being carefully coordinated with the necessary preparatory works for the main extension project. This strategic approach is intended to avoid duplication and recurring work once the larger extension project is implemented.



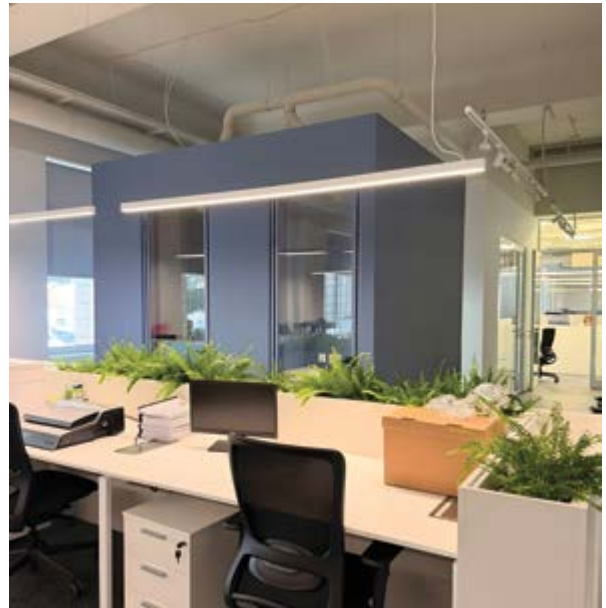


Figure 78 Renovations at WSC Luqa Head Office

Interpretation Centre at Ta' Kandja

The Interpretation Centre at Ta' Kandja is considered the most complex project currently being undertaken, primarily due to the requirement for specialised expertise that extends beyond WSC's in-house competence. The project is presently in the consultation phase, with the objective of progressing to the design stage during Q3 of this year.

In the meantime, BMS has concluded consultations with Heritage Malta in order to establish a comprehensive design brief and define the overall visitor experience concept. This collaborative approach ensured that the project would reflect the site's historical and cultural significance while aligning with WSC's operational and educational objectives.

Other Projects

In addition to the major projects currently underway, BMS is also delivering a range of other initiatives through this section, all aligned with the overarching objective of revitalising several deteriorated assets owned by the Corporation. At the same time, the section serves as a centralised design hub, providing coordinated technical support for new civil projects across other units.

The following provides a summary of key projects BMS has recently completed and those currently in progress:

Ta' Qali Group of Reservoirs.

Extensive refurbishment works were carried out at the Mercieca Reservoir, covering a total roof area of approximately 5,000 m². The project initially involved removing the existing roof build-up, which consisted largely of soil and had led to significant vegetation growth over time, compromising the reservoir's structural integrity.

This was followed by cleaning and reinstating stone slabs, forming a new concrete build-up, and installing a waterproofing membrane system.

At present, TSS is installing a new photovoltaic (PV) system on the reservoir roof, further enhancing the facility's sustainability and contributing to WSC's renewable energy targets.

A second phase has now commenced at the Santa Marija Reservoir, where the same methodology is being implemented. This phase mirrors the approach adopted with Mercieca Reservoir.

The final phase of the reservoir roof rehabilitation programme concerns the total replacement of the Ta' Qali Reservoir roof. The project has now been finalised at the design stage, marking a significant step forward in addressing long-term structural problems.

A tender for the execution of the works is scheduled to be issued during Q2 2026. Once



In the meantime, BMS has concluded consultations with Heritage Malta in order to establish a comprehensive design brief and define the overall visitor experience concept. This collaborative approach ensured that the project would reflect the site's historical and cultural significance while aligning with WSC's operational and educational objectives.

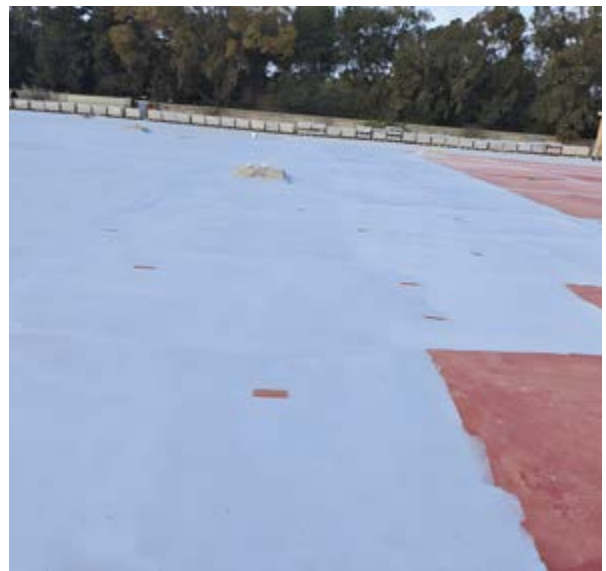


Figure 79 Extensive refurbishment at Ta' Qali Group of Reservoirs

implemented, this intervention will complete the broader programme of roof upgrades.

Rehabilitation of Pembroke Well Rooms and Construction of Plant 'C'

The project comprised the reconstruction of fourteen well rooms within the Pembroke Wellfield area. Owing to their coastal exposure, the existing structures had deteriorated significantly, creating operational and safety concerns for borehole operations, RO plant personnel, and the public.

To ensure uninterrupted feed to the RO trains, the demolition and rebuilding works

were completed within ten working days through careful planning and coordination.

The rebuilt well rooms are now structurally sound. Plastering works are currently underway, followed by the application of protective systems, including a liquid membrane and reinforcing mesh, to improve long-term durability.

Works at the Pembroke RO Plant will continue with the construction of various planned structures, referred to as Plant 'C', which are scheduled to commence during March next year. This next phase will further strengthen the plant's operational reliability.



Figure 80 Rehabilitation of Pembroke well rooms

Construction of a new booster room at St. Paul's Tank

As part of a programme to optimise the use of water reservoirs in the north of Malta, works were undertaken to bring St. Paul's Tank at Miżieb, within the limits of Mellieħa, back into operation. In coordination with WSC engineers, a new potable water pumping station and electrical substation were designed to strengthen the reliability of the distribution network connected to this reservoir.

The necessary planning permits were obtained, and construction is progressing steadily. Works include the demolition of deteriorated structures, excavation carried out under continuous archaeological supervision, and the construction of a four-pump pump room, a distribution board room, and an electrical substation, along with associated culverts for cable and pipe services. The project is at an advanced stage, with the pump room structure largely completed.

The civil works also incorporate a new potable water pipeline network to improve system connectivity and operational efficiency. All interventions are being carried out with due consideration to the site's heritage and architectural context.



Figure 81 St Paul's Tank new booster room construction

Upgrading Qrendi Reservoir

Damage was identified at the San Niklaw Reservoir in Qrendi, including deterioration of the boundary wall, defects in rooms and access hatches, and poor conditions in circulation areas. While some interventions had been carried out over the years, certain ancillary structures were left unattended and now require civil works to restore stability and improve site conditions.

The project involves rehabilitating the reservoir perimeter and surroundings,

including upgrades to boundary fencing, planter walls, vehicular access routes, detached rooms, tunnels, and access hatches. Initial works have focused on improving vehicular access, reconstructing damaged planter walls, and removing invasive trees, under ERA supervision, with indigenous planting planned thereafter.

Subsequent phases will address remaining dilapidated structures, formalise walkways and access routes, and replace the deteriorated boundary wall to enhance overall site safety.

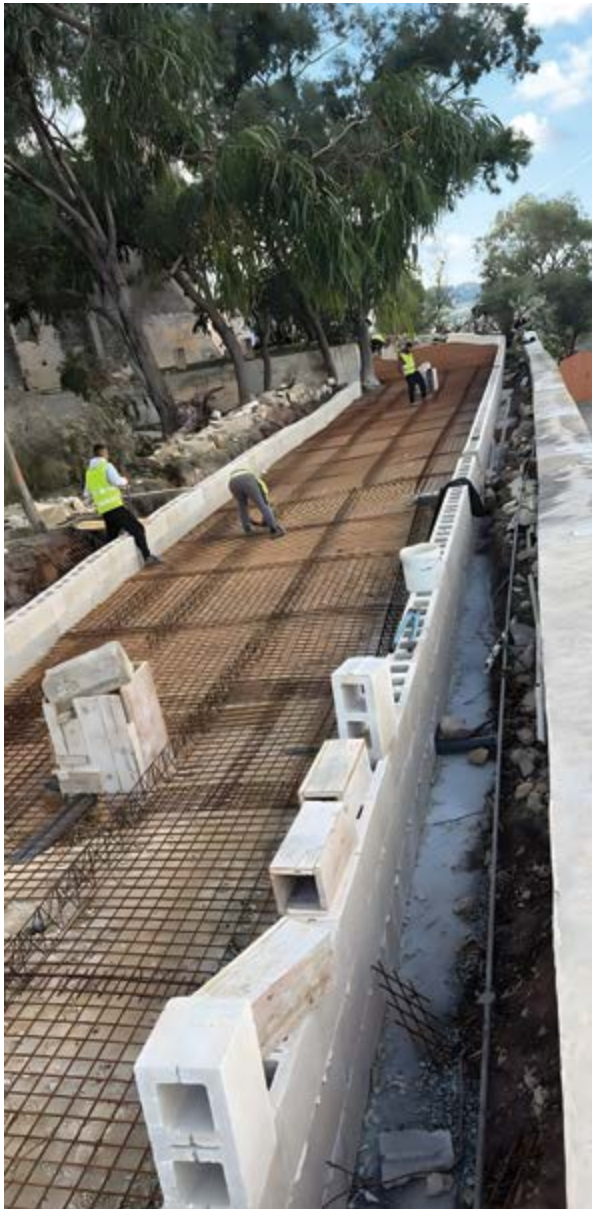


Figure 82 Qrendi Reservoir upgrade



Figure 83 Extension of transformer room and construction of new switchgear room at Lapsi RO plant

Extension of the Lapsi RO Transformer Room and Construction of New Switchgear Room

The project involves extending the existing transformer rooms at the Lapsi RO Plant to accommodate upgraded electrical infrastructure. The development included processing Planning Authority permits and executing works under the established framework agreement.

To date, the substation structure has been constructed, and the existing roof has been removed. Works are currently focused on extending the outer structure. The project scope covers all related civil, finishing, and roofing works required to complete the upgraded facility.

In parallel, work on a new switchgear room within the same plant is scheduled to commence in March 2026, further strengthening the plant's electrical reliability and operational capacity.

Restoration of Ta' Ċenċ Reservoir 4

The project concerns the full restoration of the stone masonry structure of Ta' Ċenċ Reservoir 4. The intervention addresses material deterioration caused by age, exposure, and environmental conditions, while preserving the reservoir's structural integrity and original character.

Works include the careful dismantling of unstable masonry sections, where required



Figure 84 Ta' Ġenċ Reservoir 4 restoration

cleaning of stone surfaces removal of incompatible past repair materials repointing using appropriate lime-based mortars and selective stone replacement with matching limestone. Conservation techniques are being applied to retain as much of the original fabric as possible while ensuring structural stability. Structural consolidation and discreet waterproofing measures also form part of the scope to improve long-term performance without altering the reservoir's historic appearance.



The scope involves extensive civil and structural refurbishment



Works have commenced and are expected to extend over the full year until completion.

Rehabilitation of Ground Water Pumping Stations

The rehabilitation of several key groundwater pumping stations across Malta is being implemented by the Projects Management Office, with full architectural and civil engineering support provided by BMS. BMS is assisting with the preparation of necessary permits, structural design, civil specifications, and ongoing technical input to ensure coordinated and compliant delivery of the works.

The scope involves extensive civil and structural refurbishment of both the external and internal areas of the stations. Interventions





Figure 85 Rehabilitation of various groundwater pumping stations

include structural repairs to concrete and masonry elements, reinforcement of internal steel structures, and a comprehensive range of finishing works, including tiling, replastering, stone repairs, waterproofing, and painting.

The pumping stations included within this programme are Kandja PS, Ta' Qali PS, Bakkja PS, Speranza PS, Wied il-Għasel PS, Miżieb PS, Bingemma PS, Dingli PS, Wied il-Kbir PS, Tal-Ħlas PS, and Mgarr PS.

Naxxar Reservoir

BMS is leading on all permitting processes, structural consultations, civil specifications, and detailed design coordination for the upgrading of the Naxxar Reservoir, ensuring full technical compliance and integration throughout the project lifecycle.

The project itself is being managed and implemented by the Projects Office and involves extensive structural and civil interventions to address a chronic leak,

replace the ageing concrete roof structure, renew internal supporting columns, and install larger exit pipework. These works are critical to maintaining the integrity and operational efficiency of a reservoir that has been in service since 1938.

Works are well advanced. More than half of the existing roof structure and supporting columns have been demolished, and excavation works were undertaken for the foundations of a new retaining wall and pad foundations for a new column system. A retaining wall designed to retain more than half of the reservoir's full capacity has been constructed, allowing a phased approach while maintaining operations.





Figure 86 Naxxar Reservoir restoration

A new structural column system has been erected to support a precast plank roofing system, with forty-five columns cast during this phase. The historic access room, providing entry via a spiral staircase, was dismantled stone by stone, numbered, stored off-site, and subsequently reinstated in its original configuration following roof reconstruction.

The new roof incorporates ventilation hatches with access covers as specified by the site engineers. The internal surfaces of the completed section have been treated with a fibre-mesh-reinforced waterproofing system applied to walls, columns, and ceilings. Works will now proceed on the remaining half of the reservoir, after which a photovoltaic system will be installed to enhance the site's energy performance.



Blower Room and Storage Facilities at Ta' Barkat

The construction of a new blower room and storage facilities at the Ta' Barkat WWTP was completed during Q3 2025 and the blower room commissioned later towards the end of the year.

The blower room houses high-capacity air blowers supplying air to the biological tanks to support the aeration process. The design prioritises operational efficiency, reduced noise levels, improved energy performance, and ease of maintenance to strengthen overall plant reliability.



The main civil works for the primary structures have now been completed. The project is currently progressing with the surrounding civil works, including the reconstruction of the boundary wall on the east side of the plant, the construction of a new grit and grease structure, and other ancillary works necessary to finalise and integrate the upgraded facilities within the existing plant.



Figure 87 New blower room and storage facilities at Ta' Barkat WWTP

Infrastructural Projects

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

The following table represents the lengths of pipes laid during 2025 and the relative cost:

	Km of pipes laid	Cost
Potable Water	45	EUR 9 million
New Water	9.6	EUR 8 million
Waste Water	10	EUR 5.8 million
Ground Water	5.5	EUR 2.5 million
Total	70.1	EUR 25.3 million

Table 7 Lengths of pipes laid in 2025 and cost

WSC shall continue to explore the possibility of introducing alternative technologies that may help lessen the impact and inconvenience on the general public during the execution of infrastructural works.

Communications and Training



Communications and Training

Customer Service

In 2025, WSC’s customer service operations continued to build on the digital foundations laid in recent years, with satisfaction levels reflecting the progress made. Across all contact channels, the service centre recorded a satisfaction rate of 77.4% (scores of 4 or 5 out of 5), with an average score of 4.18 out of 5.

The service centre remained accessible seven days a week: Monday to Friday from 7:00 to 20:30, Saturday from 7:00 to 14:00, and Sunday from 8:00 to 12:00. Customer contacts were handled through telephone, email, live chat, social media, and WhatsApp, with the omnichannel platform continuing to consolidate interactions across all these touchpoints.

Volume data from the omnichannel system for the preceding year provides context for the scale of the operation:



Across all contact channels, the service centre recorded a satisfaction rate of 77.4%

Indicator	2025
Telephone calls handled	53,490
Email enquiries received	44,545
Website live chat interactions	1,693
Facebook interactions	1,287
Customer satisfaction rate (4-5 stars)	77.4%
Average satisfaction score	4.18 / 5

Table 8

The WhatsApp support channel, introduced as part of the omnichannel rollout, continued to grow in use. Automated chatbot handling reduced the volume of routine queries reaching agents, freeing capacity for more complex cases. Work to further develop digital self-service options remains ongoing.

Iftaħ u Ixrob: Tap Water Confidence Campaign

Launched on 20 March 2025, *Iftaħ u Ixrob* was WSC's most significant public awareness campaign of the year. It marked the moment WSC could tell the public, with full confidence and measurable data, that tap water, apart from being safe, is more consistent and better-tasting than ever. The campaign was

the public-facing culmination of years of infrastructure investment backed by over 130 million EURs, including EU co-funded projects under the ERDF and Cohesion Fund 2021 to 2027.

What Changed

Years of technical work resolved the core issues that had eroded public confidence in tap water. A harmonised water quality was established across Malta and Gozo, eliminating the taste variation that consumers had long complained about. Chloride and chlorine levels were reduced by 30%, and reverse osmosis now accounts for over 70% of the supply. Malta ranked among the top 20 countries worldwide for tap water safety.



Figure 88 Content in both English and Maltese was published across WSC's social media pages.

Campaign Components

- Filter subsidy: REWS administered a grant of 60% of the cost, capped at 100 EURs, replacing the Water Guard scheme (previously 40%). Scheme opened 26 March 2025.
- Media launch: Joint event with Minister Dalli, WSC CEO Karl Cilia, and REWS CEO Ing. Marjohn Abela generating national broadcast and digital coverage.
- Digital presence: Campaign information hosted at www.waw.com.mt alongside bilingual WSC channel content.

Media Platforms

The campaign was delivered across broadcast, digital, and physical channels. Press releases

were issued to national media on launch day, with TVM News running a dedicated interview with CEO Karl Cilia. Social media content in both English and Maltese was published across WSC's Facebook, Instagram, TikTok, X, and LinkedIn channels, with messaging tailored to each platform's audience. A dedicated campaign web presence at **www.waw.com.mt** served as the central reference point for consumers.

Impact and Reach

The campaign generated immediate national media coverage and was later cited in a year-end MaltaToday opinion piece as evidence that sustained infrastructure investment delivers tangible public results. The Office of



Figure 89 A joint event with Minister Miriam Dalli, WSC CEO Karl Cilia and REWS CEO Ing. Marjohn Abela was held to launch the Iftaħ u l-xrob campaign

the Prime Minister cited the initiative as an example of practical progress that improves daily life. The cross-institutional coordination between WSC, the Ministry, and REWS gave the campaign a credibility that WSC could not have achieved alone. *Iftaħ u Ixrob* established a communications platform that the department will continue to build on through ongoing media engagement and public information activity.

Communications

The Communications Department's work in 2025 spanned corporate messaging, infrastructure project visibility, and public information. Activity was shaped by a demanding operational calendar that included the tap water quality campaign, EU-funded projects communications, ministerial

events, and ongoing media and stakeholder engagement.

Digital and Social Media

WSC maintained an active presence across Facebook, Instagram, LinkedIn, TikTok, and X throughout the year. Content was produced in both English and Maltese, covering infrastructure updates, service notifications, public awareness, and corporate milestones. The TikTok channel continued to develop as a platform for shorter-form content, including water conservation guidance, project updates, behind-the-scenes operational footage, and staff features. The channel's format has proven effective in reaching younger audiences who engage less with traditional media.

Events and Stakeholder Engagement

The department coordinated a range of events across the year, including ministerial site visits,



media briefings, facility tours, community engagement sessions, and educational institution visits. These activities supported WSC's objective of maintaining direct, visible engagement with its stakeholders beyond standard media channels.

Press and Media Relations

Press releases, media briefings, and broadcast appearances were produced throughout the year to cover corporate developments, infrastructure milestones, and service communications. Media coordination extended to television and radio, with WSC representatives addressing public queries and communicating project progress. Coverage was monitored across national print, broadcast, and online media.



Customer Communications

Routine and emergency customer communications were managed throughout the year, including network work notifications, supply interruption alerts, and service restoration updates. WhatsApp alerts, social media posts, and press releases were used in combination depending on the urgency and scope of each situation. Bilingual communication remained standard practice across all customer-facing outputs.

Quality Assurance and Management Systems

In 2025, a total of 30 internal audits were conducted across WSC operations, covering the quality and environmental management system across multiple directorates. These audits resulted in 27 non-conformances, all of which were addressed through timely corrections and corrective actions.

During the year, 224 new or revised controlled documents were registered. Maintaining an updated and accurate documentation system ensures alignment between operational practices and written procedures, supporting consistent, standardised, and compliant service delivery.

The Water Services Corporation's Integrated Management System for ISO 9001 and ISO 14001 underwent an SGS external surveillance audit, which concluded with zero non-conformances and six observations. All observations are being implemented to strengthen the Integrated Management System further. Additionally, in 2025, the Management Systems Office is coordinating the extension of the scope of ISO 14001 to include three reverse osmosis plants. In parallel, the Management Systems Office is

supporting ongoing gap analysis initiatives for both the Energy Management System and the Cyber Management System.

Training and Development

During 2025, WSC delivered 7,548 hours of coordinated training to 823 employees, reaffirming the organisation’s commitment to workforce development. A further EUR 28,600 was invested in 59 employees through sponsored training programmes covering technical certifications, health

and safety qualifications, business and management studies (MQF Levels 3 to 6), digital skills, accounting and finance, emergency response, and mandatory CPC driver training.

To modernise internal processes, an in-house Training Needs Analysis application was developed. This tool streamlines internal training requests, improves coordination of training activities, and enhances communication of training records with relevant area owners.

Indicator	2025
Training hours delivered	7,548
Employees trained	823
Investment in sponsored programmes	EUR 28,600
Employees on sponsored programmes	59

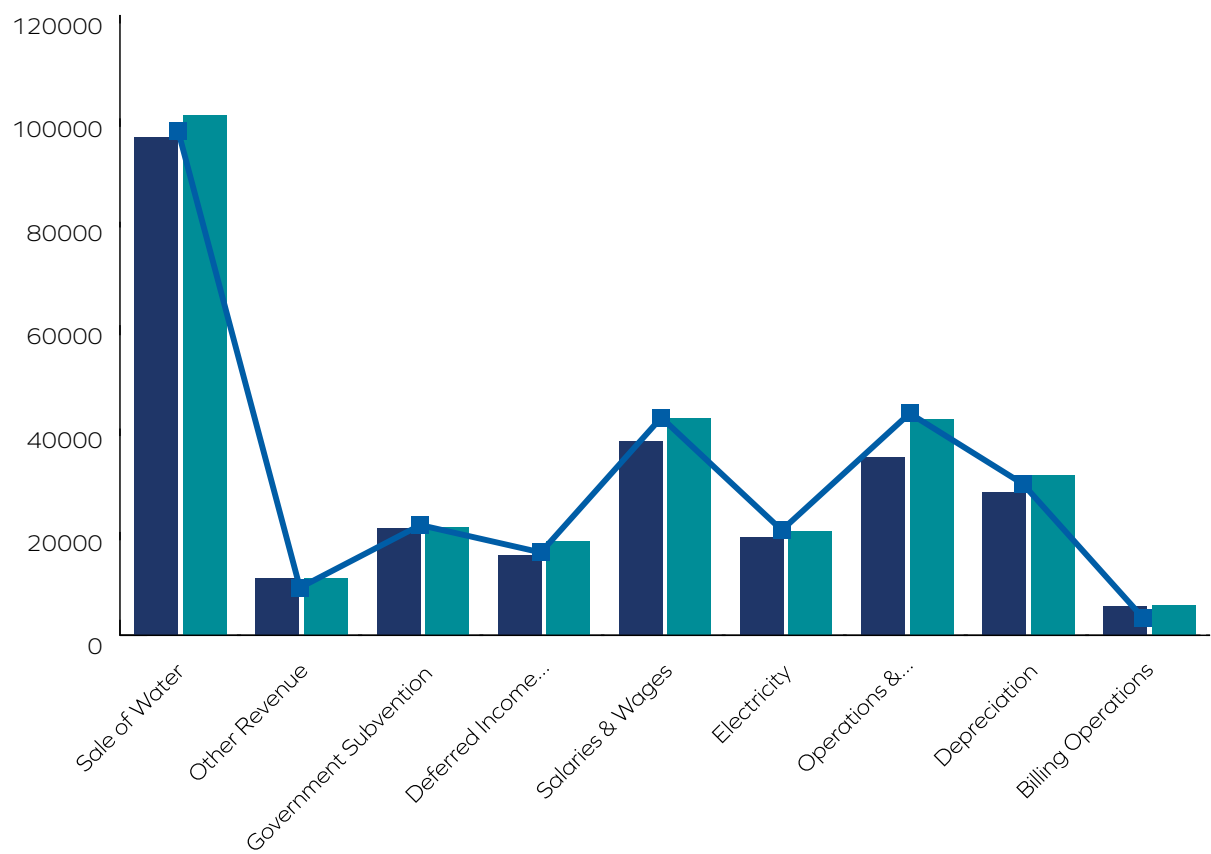
Table 9

Estimates 2026

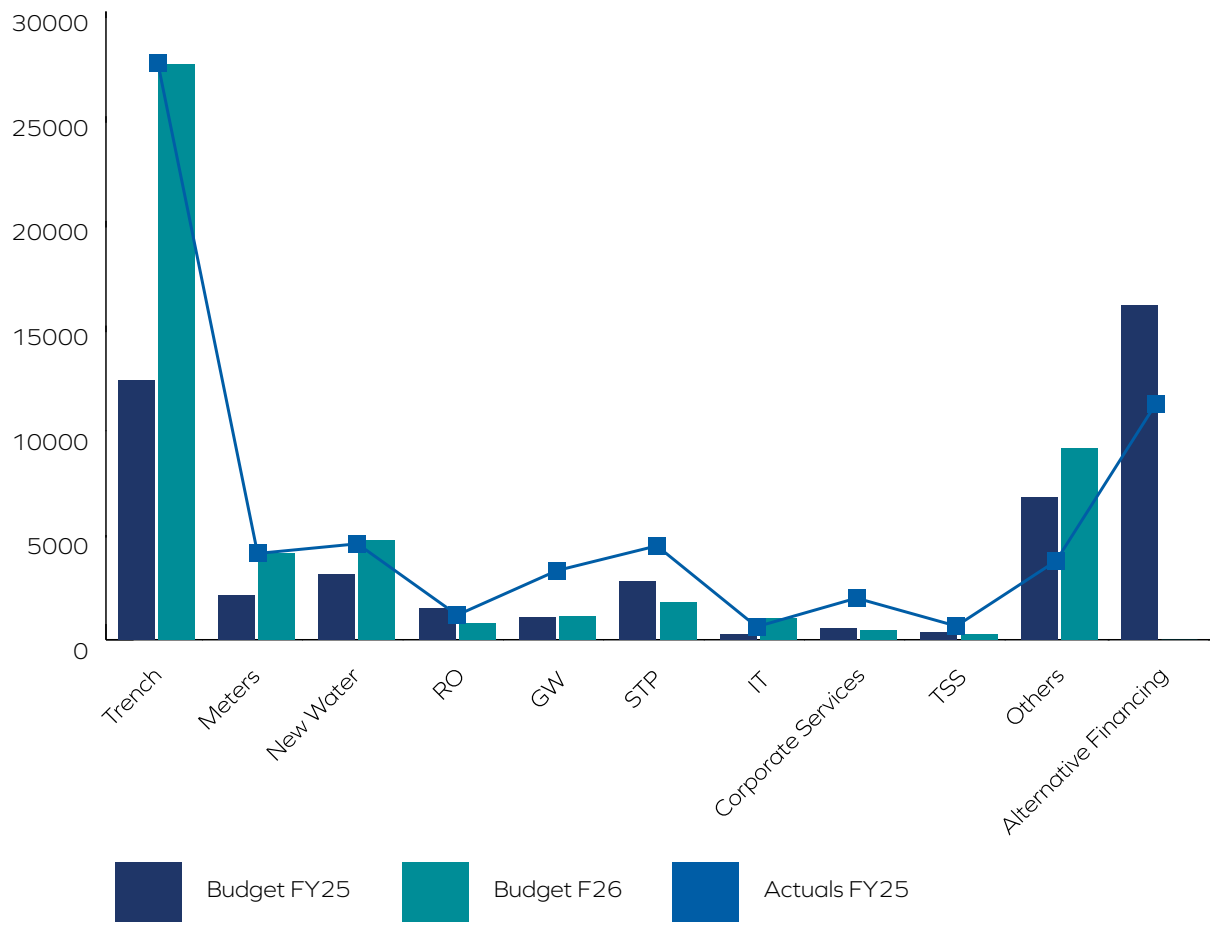
	Budget 2025	Actual 2025	Budget 2026	Change: Actual FY24 vs Budget FY25
	Euro '000	Euro '000	Euro '000	
Sale of Water	96,442	97,050	100,523	3%
Other Revenue	11,003	10,721	10,984	2%
Government Subvention	20,755	20,907	20,907	0%
Deferred Income Amortization	15,536	16,454	18,182	10%
Total Revenue	143,736	145,132	150,596	4%
Salaries & Wages	37,616	38,406	42,087	9%
Electricity	19,019	20,075	20,217	1%
Operations & Maintenance	34,371	46,058	41,798	-10%
Depreciation	27,672	27,625	30,983	11%
Billing Operations	5,580	5,787	5,853	1%
Total Expenditure	124,258	137,951	140,938	2%
Profit before Interest & Tax	19,478	7,181	9,658	26%

Capex by Class	Budget FY25	Actuals FY25	Budget FY26	Change: Actual FY24 vs Budget FY25
Trench	12,378	22,924	27,489	20%
Meters	2,140	3,200	4,147	30%
New Water	3,112	3,589	4,737	32%
RO	1,491	727	804	11%
GW	1,082	2,514	1,145	-54%
STP	2,810	3,506	1,767	-50%
IT	263	257	1,026	300%
Corporate Services	561	1,406	457	-68%
TSS	376	285	273	-4%
Others	6,815	2,902	9,155	216%
Alternative Financing	15,959	9,221	0	-100%
Total WSC Capital Disbursement	46,988	50,531	51,000	1%

Estimates FY25: OPEX



Estimates FY25: CAPEX



Consolidated Financial Statements



Consolidated Financial Statements

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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 2025.

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 resolute in its commitment to sustainable financial growth, pursued through the twin levers of operational efficiency and continuous service quality improvement. The strategic initiatives undertaken during the year yielded a performance of considerable note, one characterised by consolidation, measured expansion, and strong underlying operational delivery.

For the financial year ending 31 December 2025, the Corporation recorded a profit before tax of €6.9 million, representing a 67% decline relative to the prior year. This contraction in profitability was principally attributable to a budgeted increase in expenditure, most notably in the areas of repairs and maintenance and waste management. Recurrent expenditure rose by 20.8% on a year-on-year basis, with total operating and administrative expenses reaching €138.0 million, compared to €114.2 million in 2024. Several material factors contributed to this movement.

Chief among these was the Corporation's sustained investment in its people, through talent retention programmes and targeted human capital development. Personnel costs rose in parallel, driven by cost-of-living adjustments applied in conjunction with a newly concluded collective agreement extending to over 90% of the workforce. Together, these elements resulted in a 7% increase in employee benefits expenditure, bringing the annual total to €38.1 million (2024: €35.8 million).

Operational expenditure also increased, particularly in relation to sewage treatment plant maintenance, where elevated sludge disposal gate fees placed additional pressure on the cost base. Supply chain disruptions contributed to rising raw material prices, whilst higher waste disposal charges drove waste management costs to €5.6 million, a 29% increase on the prior year (2024: €4.3 million). Separately, the step-up in water production required to meet growing demand resulted in a 3% year-on-year rise in electricity costs, amounting to €20.1 million (2024: €19.5 million). Depreciation charge increased by 16.1% to €24.5 million (2024: €21.1 million) as a result of the increase in capital investment in 2025.

On the revenue side, continued improvements in billing accuracy, underpinned by the ongoing smart meter replacement programme, combined with higher consumption levels, generated an €8.0 million uplift in revenue, equating to 8% growth year-on-year. Alongside a 6% rise in water sales across all customer categories, the Corporation sustained its revenue stream derived from other incomes, driven primarily by farm waste treatment, which contributed an additional €10.4 million (2024: €9.8 million) in billed revenue by the close of the year.

In summary, whilst 2025 saw a calculated increase in operating and administrative costs, reflecting salary revisions, contractual commitments, and heightened operational requirements, the Corporation's strategic cost-containment efforts and billing efficiency gains served to moderate the overall financial impact, affirming the soundness of its fiscal stewardship.

Directors' report – continued

Review of the business – continued

Non-current borrowings increased to €24.6 million in 2025, up from €19.8 million in 2024, representing a 24% year-on-year increase. ClearFlowPlus p.l.c., the subsidiary responsible for the €25 million Green Bond issuance, advanced a further disbursement of €7.5 million, bringing total disbursements to 60% of the bond proceeds. These funds were deployed in alignment with the Corporation's green agenda, encompassing the installation 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 water infrastructure. The Corporation also made meaningful progress on its multi-site solar energy project, which is expected to reach completion by the end of 2026.

Capital investment maintained strong momentum throughout the reporting period, with particular focus on water and wastewater infrastructure. Capital expenditure for 2025 stood at €100.3 million (2024: €63.56 million), representing a 56% increase on the prior year. These investments were directed towards the replacement of ageing and deteriorating pipelines, with the objective of enhancing the reliability, quality, and consistency of water supply and treatment across Malta. As a result, the Corporation's non-current asset base rose to €518.6 million, reflecting a 14.4% year-on-year increase from €453.4 million in 2024.

Future developments

Looking ahead, the Corporation maintains a cautiously optimistic financial outlook. Whilst the overall trajectory remains positive, a number of challenges persist, notably the continued volatility in interest rates and broader macroeconomic pressures. Sustained increases in raw material and waste disposal costs are expected to place ongoing strain on the Corporation's cost structure and liquidity position. Nonetheless, the Corporation remains firmly committed to investing in critical infrastructure to meet future demand, reaffirming the primacy of its long-term strategic priorities.

The directors are also monitoring recent developments internationally, in particular to how markets are reacting to rising geopolitical tensions and whether conflicts in the Middle East might have an impact on business in Malta. While remaining cautiously optimistic, the management of the Group and Corporation will continue to observe the situation abroad and the related impact it may have locally to be able to mitigate timely against such risks.

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 2025, 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
Ms Mirana Agius Silvio - Member
Ing Raymond Azzopardi - Member
Mr Ethelbert Schembri - Member
Dr Juanita Agius Galea - Member
Ms Sylvana Mifsud - Member
Ms Marion Parnis - Member
Dr Joseph Gerada – Member (Appointed 8th July 2025)

Directors' report - continued

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.

Statement of Directors' responsibilities for 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 as adopted by the EU;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances;
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the 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

A resolution to appoint Ernst and Young Malta Limited as auditor of the Group and Corporation will be proposed at the forthcoming Annual General Meeting.

On behalf of the board


Mr Joseph Vella
Chairman


Mr Louis Gatt
Deputy Chairman

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

15 May 2026

INDEPENDENT AUDITOR'S REPORT

to the Stakeholders of Water Services Corporation

Report on the audit of the financial statements

Opinion

We have audited the separate and consolidated financial statements of Water Services Corporation (the "Corporation") and its subsidiary (collectively the "Group"), set on pages 8 to 62, which comprise the separate and consolidated statements of financial position as at 31 December 2025, and the separate and consolidated statements of profit or loss and other comprehensive income, the separate and consolidated statements of changes in equity and the separate and consolidated statements of cash flows for the year then ended, and notes to the separate and consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying separate and consolidated financial statements give a true and fair view of the financial position of the Corporation and the Group as at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS") and the requirements of the Water Services Corporation Act, Cap. 355 of the Laws of Malta (the "Water Services Corporation Act").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation and the Group in accordance with the *International Code of Ethics for Professional Accountants (including International Independence Standards)* as issued by the *International Ethics Standards Board of Accountants (IESBA Code)*, together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the *Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act, Cap. 281 of the Laws of Malta*. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT

to the Stakeholders of Water Services Corporation - continued

Report on the audit of the financial statements - continued

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of the Water Services Corporation Act, 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 Corporation's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Corporation and the Group or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT

to the Stakeholders of Water Services Corporation - continued

Report on the audit of the financial statements - continued

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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 Corporation's and the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation and the Group to cease to continue as a going concern;

INDEPENDENT AUDITOR'S REPORT

to the Stakeholders of Water Services Corporation - continued

Report on the audit of the financial statements - continued

Auditor's responsibilities for the audit of the financial statements - continued

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with 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.



The partner in charge of the audit resulting in this independent auditor's report is Christopher Balzan for and on behalf of

Ernst & Young Malta Limited
Certified Public Accountants

15 May 2026

Statement of financial position

		Group	Corporation		
		As at 31 December			
	Notes	2025 €'000	2024 €'000	2025 €'000	2024 €'000
ASSETS					
Non-current assets					
Property, plant and equipment	6	494,686	424,560	494,949	424,879
Right of use asset	7	6,504	8,907	6,504	8,907
Finance lease receivables	8	669	739	-	-
Investments in subsidiaries	9	1	1	25	25
Investment in jointly-controlled entity	10	590	1,008	125	125
Loan receivable	11	161	217	-	-
Trade and other receivables	14	17,001	19,483	17,001	19,483
Total non-current assets		519,612	454,915	518,604	453,419
Current assets					
Inventories	12	25,510	24,339	25,850	24,679
Finance lease receivables	8	70	58	-	-
Loan receivable	11	57	47	-	-
Financial assets at fair value through profit or loss	13	18,286	12,313	18,286	12,313
Trade and other receivables	14	39,342	68,005	38,705	67,037
Current tax assets	15	72	66	-	9
Cash and cash equivalents	16	34,739	50,384	22,583	31,796
Total current assets		118,076	155,212	105,424	135,834
Total assets		637,688	610,127	624,028	589,253

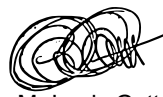
Statement of financial position - continued

		Group	Corporation		
		As at 31 December			
		2025	2024	2025	2024
	Notes	€'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		123,495	116,318	121,223	114,348
Pension contributions reserve	17	(6,606)	(6,127)	(6,606)	(6,127)
Non-controlling interest		10	9	-	-
Total equity		190,268	183,569	187,759	181,363
Non-current liabilities					
Bond borrowings	18	24,627	24,578	-	-
Bank borrowings	20	9,671	12,325	9,671	12,325
Loan from subsidiary	21	-	-	14,955	7,470
Other borrowings	24	2,392	2,601	2,392	2,601
Deferred government grants	22	285,950	270,836	285,950	270,836
Lease liability	7	3,594	5,618	3,594	5,618
Provision for other liabilities and charges	23	4,505	4,484	4,505	4,484
Other payables	19	181	209	-	-
Total non-current liabilities		330,920	320,651	321,067	303,334
Current liabilities					
Bond borrowings	18	376	376	-	-
Bank borrowings	20	2,654	2,613	2,654	2,613
Other borrowings	24	208	205	208	205
Deferred government grants	22	15,627	14,747	15,627	14,747
Lease liability	7	3,084	3,409	3,084	3,409
Trade and other payables	19	94,551	84,557	93,625	83,582
Current tax liabilities	15	-	-	4	-
Total current liabilities		116,500	105,907	115,202	104,556
Total liabilities		447,420	426,558	436,269	407,890
Total equity and liabilities		637,688	610,127	624,028	589,253

The notes on pages 15 to 62 are an integral part of these financial statements.

The financial statements on pages 8 to 62 were authorised for issue by the Board on 15 May 2026 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

		Group	Corporation		
		Year ended 31 December			
	Notes	2025 €'000	2024 €'000	2025 €'000	2024 €'000
Revenue	25	108,426	100,753	107,467	99,463
Government subsidies	26	37,361	35,449	37,361	35,449
Operating costs	27	(94,014)	(79,199)	(93,754)	(78,852)
Administrative expenses	27	(44,765)	(35,707)	(44,197)	(35,346)
Provision for cost of service pensions payable to Government	23	304	185	304	185
Operating profit		7,312	21,481	7,181	20,899
Share of results of jointly-controlled entity	10	83	41	-	-
Finance income	28	2,389	2,967	2,045	2,285
Finance costs	29	(2,285)	(2,272)	(2,338)	(2,326)
Profit before taxation		7,499	22,217	6,888	20,858
Tax expense	30	(321)	(450)	(13)	(1)
Profit for the year		7,178	21,767	6,875	20,857
Attributable to:					
Government of Malta		7,177	21,765		
Non-controlling interest		1	2		
		7,178	21,767		
Other comprehensive loss					
Remeasurements of post-employment benefit obligations	23	(479)	(508)	(479)	(508)
Total comprehensive income for the year		6,699	21,259	6,396	20,349
Attributable to:					
Government of Malta		6,698	21,257		
Non-controlling interest		1	2		
		6,699	21,259		

The notes on pages 15 to 62 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 non-controlling interest €'000	Total €'000
As at 1 January 2024		73,142	227	94,553	(5,619)	7	162,310
Profit for the year		-	-	21,765	-	2	21,767
Other comprehensive income							
Remeasurement of post-employment benefit obligations	23	-	-		(508)	-	(508)
Total comprehensive income/(loss)		-	-	21,765	(508)	2	21,259
As at 31 December 2024		73,142	227	116,318	(6,127)	9	183,569
As at 1 January 2025		73,142	227	116,318	(6,127)	9	183,569
Profit for the year				7,177	-	1	7,178
Other comprehensive income							
Remeasurement of post-employment benefit obligations	23	-	-	-	(479)	-	(479)
Total comprehensive income/(loss)		-	-	7,177	(479)	1	6,699
As at 31 December 2025		73,142	227	123,495	(6,606)	10	190,268

Statement of changes in equity - continued

		Government contribution	Revenue Reserve	Pensions contribution reserve	Total
Corporation	Notes	€'000	€'000	€'000	€'000
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
As at 1 January 2025		73,142	114,348	(6,127)	181,363
Profit for the year		-	6,875	-	6,875
Other comprehensive loss					
Remeasurement of post-employment benefit obligations	23	-	-	(479)	(479)
Total comprehensive income / (loss)		-	6,875	(479)	6,396
As at 31 December 2025		73,142	121,223	(6,606)	187,759

The notes on pages 15 to 62 are an integral part of these financial statements.

Statement of cash flows

	Notes	Group		Corporation	
		Year ended 31 December			
		2025 €'000	2024 €'000	2025 €'000	2024 €'000
Cash flows from operating activities					
Profit before taxation		7,499	22,217	6,888	20,858
Adjustments for:					
Movement in provision for ECL	14, 16	(59)	(530)	38	(723)
Depreciation and amortisation	6, 7	27,647	22,672	27,624	22,613
Movement in provision for other liabilities and charges	23	21	(1,516)	21	(1,516)
Movement in post-employment benefits obligations	23	(479)	(508)	(479)	(508)
Movement in lease obligations	7	(3,418)	(1,706)	(3,418)	(1,706)
Net gain from changes in fair value during the year	13	(522)	(434)	(522)	(434)
Write-off of property, plant and equipment	6	5,777	(292)	5,777	(346)
Movement in provision for obsolete stock	12	(249)	29	(249)	-
Amortisation of bond issue costs	18	49	49	-	-
Finance costs	29	2,285	2,223	2,338	2,326
Impairment in joint venture	10	501	-	-	-
Interest income on finance lease	8	(199)	(209)	-	-
Share of profit from joint venture	10	(83)	(41)	-	-
<i>Changes in working capital:</i>					
Inventories	12	(923)	(855)	(923)	(833)
Trade and other receivables	14	28,691	(21,110)	28,277	(20,199)
Trade and other payables	19	9,966	27,499	10,331	27,337
Cash generated from operations		76,504	47,488	75,703	46,869
Tax paid		(327)	(610)	-	-
Net cash generated from operating activities		76,177	46,878	75,703	46,869
Cash flows from investing activities					
Acquisition of property, plant and equipment	6	(100,391)	(63,623)	(100,307)	(63,569)
Acquisition of portfolio investments	13	(6,642)	(12,254)	(6,642)	(12,254)
Disposal of portfolio investments	13	1,191	375	1,191	375
Additions to finance lease receivable	8	-	(4)	-	-
Repayments from finance lease receivable	8	258	258	-	-
Repayments of loans advanced to related parties	11	47	105	-	-
Net cash used in investing activities		(105,537)	(75,143)	(105,758)	(75,448)

Statement of cash flows - continued

	Notes	Group Year ended 31 December		Corporation	
		2025 €'000	2024 €'000	2025 €'000	2024 €'000
Cash flows from financing activities					
Grants received		18,480	10,920	18,480	10,920
Repayment of bank borrowings	20	(2,613)	(19,299)	(2,613)	(19,299)
Repayment of government loan	24	(205)	(250)	(205)	(250)
Loans advanced from subsidiary	21	-	-	7,485	5,789
Interest paid		(1,972)	(1,952)	(2,319)	(2,055)
Net cash generated from / (used in) financing activities		13,690	(10,581)	20,828	(4,895)
Net movement in cash and cash equivalents		(15,670)	(38,846)	(9,227)	(33,474)
Cash and cash equivalents as at 1 January	16	50,471	89,317	31,853	65,327
Cash and cash equivalents as at 31 December	16	34,801	50,471	22,626	31,853

The notes on pages 15 to 62 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 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 IFRS 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 IFRS 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

The Board of Directors has undertaken a comprehensive assessment of the Corporation's ability to continue as a going concern. This evaluation has considered the Corporation's current financial position, liquidity profile, capital resources, and projected cash flows, as well as the prevailing economic and market conditions. In fact, both the Group and the Corporation succeeded to generate yet another profit before taxation of €7.5 million (2024: €22.2 million) and €6.9 million (2024: €20.9 million), respectively.

As at 31 December 2025, the Corporation's current liabilities exceeded its current assets by €9.8 million. Included with current liabilities is an amount of €15.6 million (2024: €14.7 million), representing government grants received and which are being deferred and released to profit or loss over the period necessary to match the costs they are intended to compensate once incurred, in line with the Group's accounting policies. Thus, this amount does not constitute a cash payment obligation and accordingly has no bearing on the Group's and Corporation's capacity to meet cash-based obligations as they fall due.

2. Basis of preparation - continued

2.1 Appropriateness of the going concern assumption – continued

Taking cognisance of the foregoing, and having regard to the Corporation's strong operating cash generation of €61.9 million (Group) and €61.1 million (Corporation) during the year, together with utilised and available banking facilities amounting to €15 million and €10 million, in the form of a revolving loan and overdraft respectively, the Directors are satisfied that the working capital deficiency as presented does not raise any significant concerns with respect to the Group's and Corporation's ability to meet its financial obligations in the foreseeable future.

The Directors have also reviewed the budgets, forecasts, and strategic plans, including sensitivity analysis that take into account reasonably possible adverse scenarios. Based on this assessment, the Directors are satisfied that Corporation has adequate resources to continue in operational existence for the foreseeable future, conservatively being a period of at least twelve months from the date of approval of the financial statements

The Corporation maintains sufficient liquidity, has access to appropriate financing arrangements, and continues to meet its obligations as they fall due. No material uncertainties have been identified that would cast significant doubt on the Corporation's ability to continue as a going concern. Accordingly, the Directors consider it appropriate to adopt the going concern basis in the preparation of the financial statements. They will continue to monitor the Corporation's financial performance, risk environment, and funding position on an ongoing basis to ensure that the going concern assumption remains valid.

3. Summary of material accounting policies

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

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.

3. Summary of material accounting policies - continued

3.1 Consolidation – continued

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.

3.2 New and amended IFRS Accounting Standards that are effective for the current year

Accounting pronouncements have become effective from 1 January 2025 and are therefore mandatory in 2025 as follows:

- Amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability

These amendments did not have a significant impact on these financial statements and therefore the disclosures have not been made.

3.3 IFRS Accounting 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 authorisation of these consolidated financial statements, several new, but not yet effective, IFRS Accounting Standards and amendments to existing standards, and Interpretations, have been published by the IASB or IFRIC. None of these IFRS Accounting Standards or amendments to existing standards have been adopted early by the Group and the Corporation and no Interpretations have been issued that are applicable and need to be taken into consideration by the Group and the Corporation at either reporting date.

IFRS Accounting Standards and amendments that are not yet effective and have not been adopted early by the Group and the Corporation include:

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and 7) (issued on 30 May 2024) (effective for annual periods beginning on or after 1 January 2026)
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) (issued on 18 December 2024) (effective for annual periods beginning on or after 1 January 2026)
- Annual Improvements to IFRS Accounting Standards—Volume 11 (issued on 18 July 2024) (effective for annual periods beginning on or after 1 January 2026)

3. Summary of material accounting policies – continued

3.3 IFRS Accounting Standards, amendments and Interpretations to existing standards that are not yet effective and have not been adopted early by the Group and the Corporation - continued

- IFRS 18 – Presentation and Disclosure in financial statements (the result of the IASB's Primary Financial Statements project, and it becomes effective for annual periods beginning on or after 1 January 2027)

Moreover, the below have been issued by the IASB but not yet adopted by the EU:

- IAS 21 'The Effects of Changes in Foreign Exchange Rates: Translation to a Hyperinflationary Presentation Currency (Amendments)' (issued on 13 November 2025) (effective for annual periods beginning on or after 1 January 2027)
- Amendments to IFRS 19 'Subsidiaries without Public Accountability: Disclosures' (issued on 9 May 2024 and amended on 21 August 2025) (effective for annual periods beginning on or after 1 January 2027)
- Amendment in IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture' (the effective date is postponed indefinitely pending the outcome of the IASB's research project on the equity method of accounting)

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement.

However, except for the below, these Standards and amendments are not expected to have a significant impact on the financial statements in the period of initial application.

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 'Presentation of Financial Statements'. The adoption of IFRS 18 'Presentation and Disclosure in financial statements', effective for periods commencing on or after 1 January 2027, is expected to have a material impact on the presentation of the financial Statements, and therefore relevant disclosures are included below.

Although IFRS 18 includes many of the requirements of IAS 1, it introduces new requirements to better structure financial statements and to provide more detailed and useful information to investors, including:

- two new subtotals defined in the statement of profit or loss, namely (1) operating profit and (2) profit or loss before financing and income taxes
- the classification of all income and expenses within the statement of profit or loss in one of five categories: operating, investing, financing, income taxes and discontinued operations
- a new requirement to disclose performance measures defined by management, and
- an improvement in the principles related to the aggregation and disaggregation of information in the financial statements and accompanying notes.

IFRS 18 will be applied retrospectively with specific transitional provisions.

The Group and the Corporation are currently working to identify all of the impacts that IFRS 18 will have on the primary financial statements and notes to the financial statements.

Other new standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the consolidated financial statements.

3. Summary of material accounting policies - continued

3.4 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)'.

3.5 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 3.27) 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.

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 3.10).

3. Summary of material accounting policies - continued

3.5 Property, plant and equipment - continued

Gains and losses on disposals are determined by comparing the proceeds with carrying amount and are recognised in profit or loss.

3.6 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.

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.

3.7 Finance lease receivables

The Group leases out property, plant and equipment in the statement of financial position and are accounted for in accordance with accounting policy Note 3.5. 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. The lessor derecognises such property, plant and equipment being leased to the lessee as an asset. Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases.

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.

Finance income on net investment in finance leases is calculated with reference to the gross carrying amount of the lease receivables, and is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

Subsequent to initial recognition, the Group regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of IFRS 9, recognising an allowance for expected credit losses on the finance lease receivables.

3.8 Investment in jointly-controlled entity

Jointly-controlled entities are all entities over which the Group and the Corporation has joint control by virtue of a contractual agreement with one or more parties.

Under the equity method of accounting, 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.

3.9 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.

3.10 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.

3.11 Financial assets

3.11.1 Classification

The Group and the Corporation classify financial assets, (other than investment in jointly-controlled entity and in subsidiaries) in the following categories. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, i.e. financial assets acquired principally for the purpose of selling in the short-term. A financial asset is also classified in this category if, on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Assets in this category are classified as current assets if expected to be settled within twelve months; otherwise, they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group and the Corporation provide money, goods or services directly to a debtor with no intention of trading the asset. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. The Group and the Corporation's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position (Notes 3.13 and 3.14).

Therefore, these are classified at amortised cost, comprising assets that are held within a business model whose objective is to collect contractual cash flows and the contractual terms give rise to cash flows that are solely payments of principal and interest.

3.11.2 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. Loans and receivables are subsequently carried at amortised cost using the effective interest method. 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.

3.11.3 Impairment of financial assets

In relation to the impairment of financial assets at amortised cost, IFRS 9 requires an expected credit loss ("ECL") model. On a forward-looking basis, the expected credit loss model requires the Group and the Corporation to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial

3. Summary of material accounting policies - continued

3.11.3 Impairment of financial assets - continued

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 expected credit losses on:

- Trade receivables
- Loans 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.

ECLs are recognised in two stages. 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. However, in particular, IFRS 9 requires the Company 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.

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.

The 12-month ECL is calculated by multiplying the 12-month Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). Lifetime ECL is calculated on a similar basis for the residual life of the exposure.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group and the Corporation considers reasonable and supportable information that is relevant and available without undue cost or effort. At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes observable data such as significant financial difficulty of the borrower or issuer, or a breach of contract. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

3.12 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.

3.13 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.

3. Summary of material accounting policies - continued

3.13 Trade and other receivables - continued

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment (Note 3.11.3). 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.

3.14 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.

3.15 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.

3.16 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.

3.17 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 measured at amortised cost, i.e. not at fair value through profit or loss. Therefore, financial liabilities 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. Summary of material accounting policies - continued

3.18 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.

3.19 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.

3.20 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.

3.21 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 (if any).

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. Summary of material accounting policies - continued

3.22 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.

3.23 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 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.

3.24 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods or services in the ordinary course of the Company's activities. Revenue is recognised upon performance of the respective obligation, and is stated net of sales tax, returns, rebates and discounts.

3. Summary of material accounting policies - continued

3.24 Revenue recognition - continued

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.

(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) Interest income

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

(e) Finance income on the net investment in finance leases

Finance income on the net investment in finance leases, where the Group is the lessor, is recognised in profit or loss on a pattern reflecting a constant periodic rate of return on investment.

3.25 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.

3. Summary of material accounting policies - continued

3.25 Construction contracts - continued

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.

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.

3.26 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'.

3.27 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 currency 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 at fair value 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	
	2025 €	2024 €
Financial assets at fair value through profit or loss		
USD	305,333	331,136
	Group and Corporation	
	2025 €	2024 €
Cash and cash equivalents		
USD	13,085	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	
	2025	2024	2025	2024
	€'000	€'000	€'000	€'000
Financial assets				
<i>Subject to fixed rates:</i>				
Term deposits (Note 16)	24,000	27,000	16,000	15,000
Finance lease receivables (Note 8)	739	797	-	-
Loan receivable (Note 11)	218	264	-	-
	24,957	28,061	16,000	15,000
Financial liabilities				
<i>Subject to fixed rates:</i>				
Bond borrowings (Note 18)	24,627	24,578	-	-
Loan from subsidiary (Note 21)	-	-	14,955	7,470
Other borrowings (Note 24)	2,600	2,806	2,600	2,806
Lease liability (Note 7)	6,678	9,027	6,678	9,027
	33,905	36,411	24,233	19,303
Financial liabilities				
<i>Subject to floating rates:</i>				
Bank borrowings (Note 20)	14,938	12,325	14,938	12,325

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.

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 expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward-looking information in determining any expected credit losses.

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

Category	Description	Basis for Recognising Expected Credit Losses (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	
	2025	2024	2025	2024
	€'000	€'000	€'000	€'000
Loans and receivables category:				
Loan receivable (Note 11)	217	264	-	-
Finance lease receivables (Note 8)	739	797	-	-
Trade and other receivables (Note 14)	56,343	87,488	55,706	86,520
Cash and cash equivalents (Note 16)	34,739	50,384	22,583	31,796
	92,038	138,933	78,289	118,316

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 manageable, 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 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 also 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 significant losses from non-performance or default.

As at 31 December 2025, the total trade receivables which were impaired and against which an allowance for credit loss was taken amounts to €5.1 million (2024: €5.0 million) for the Group, and €5.0 million (2024: €4.9 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 2025 and 2024, 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.

The Group has advanced one (1) loan to a related entity. As of the reporting date, the Group has assessed the credit risk associated with this loan receivable to be limited and, accordingly, the identified expected credit loss is not deemed to be significant.

The Group's finance lease receivables consist of three (3) finance lease arrangements, two (2) of which were paid in advance of the lease agreement. Any considerations for ECL were made on the third finance lease arrangement for which no payment in advance had taken place. Based on the Group's assessment which includes consideration of historical repayment patterns and current economic conditions, it was concluded that there is no objective evidence of impairment requiring the recognition of significant ECL provisions for the Group's remaining finance lease arrangement.

4. Financial risk management - continued

4.1 Financial risk factors - continued

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.

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.

4. Financial risk management - continued

4.1 Financial risk factors - continued

c. Liquidity risk – continued

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 2024					
Bond	24,578	34,187	1,063	4,250	28,874
Bank borrowings	18,974	20,750	7,189	10,936	2,625
Other borrowings	2,806	3,118	250	1,250	1,618
Trade and other payables	102,031	102,031	102,031	-	-
31 December 2025					
Bond	25,000	33,125	1,063	4,250	27,812
Bank borrowings	12,325	13,530	3,090	8,973	1,467
Other borrowings	2,600	2,868	250	1,250	1,368
Trade and other payables	94,732	94,732	94,732	-	-
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 2024					
Bank borrowings	18,974	20,750	7,189	10,936	2,625
Loan from subsidiary	7,470	9,090	-	-	9,090
Other borrowings	2,806	3,118	250	1,250	1,618
Trade and other payables	100,679	100,679	100,679	-	-
31 December 2025					
Bank borrowings	12,325	13,560	3,090	8,973	1,497
Loan from subsidiary	14,955	15,149	-	-	15,149
Other borrowings	2,600	2,868	250	1,250	1,368
Trade and other payables	93,625	93,625	93,625	-	-

4. Financial risk management - continued

4.1 Financial risk factors - continued

c. Liquidity risk - continued

An amount of €12,325,133 (2024: €14,938,285) 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 €18.3 million (2024: €12.3 million), which are entirely grouped in Level 1.

At 31 December 2025 and 2024, 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 €14.8 million as at 31 December 2025 (2024: €20.4 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 2025 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 €4.8 million (2024: €4.5 million) in the Corporation's revenue from the sale of water.

5.2 Provision for impairment of trade receivables

The Group and the Corporation monitors 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 provision for impairment 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 3.23.

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.

5.6 Amounts due from Government included within 'Trade and other receivables'

Included within 'Trade and other receivables' are 'Amounts due from Government' which represent the Corporation's entitlement to the reimbursement of specific bank borrowings used by the Corporation for capital expenditure purposes, based on a formalised commitment between the Government and the Corporation.

The reimbursements are approved under the capital expenditure votes of the Ministry responsible for the Corporation in the Government's annual financial estimates and are not receivable from the Government as owner of the Corporation.

The proceeds from the identified bank borrowings shall be used by the Corporation exclusively for the execution of capital projects. Accordingly, the amounts due from Government have been deferred in the balance sheet under 'Government grants' and are credited to profit or loss on a straight-line basis over the expected lives of the related assets, in line with the Group's accounting policies.

Furthermore, since amounts due from Government included within 'Trade and other receivables' are interest-free, an imputed interest rate is applied based on the interest rate charged onto the respective identified bank borrowings.

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.

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 01.01.2024	63,326	257,329	43,942	197,271	35,539	87,045	684,452
Additions	1,430	6,554	4,475	6,957	-	44,207	63,623
Write offs	-	(1,440)	(29)	(70)	-	-	(1,539)
Reclassification	16	14,827	264	31,206	-	(46,313)	-
At 01.01.2025	64,772	277,270	48,652	235,364	35,539	84,939	746,536
Additions	317	347	6,690	1,032	-	92,005	100,391
Write offs	-	(1,571)	(45)	-	-	(5,777)	(7,393)
Reclassification	11,012	25,029	3,192	30,149	-	(69,382)	-
At 31.12.2025	76,101	301,075	58,489	266,545	35,539	101,785	839,534
Depreciation							
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 01.01.2025	20,196	127,315	32,679	106,247	35,539	-	321,976
For the year	1,406	10,724	4,148	8,210	-	-	24,488
Realised on write offs	-	(1,571)	(45)	-	-	-	(1,616)
At 31.12.2025	21,602	136,468	36,782	114,457	35,539	-	344,848
Net book value							
At 31.12.2024	44,576	149,955	15,973	129,117	-	84,939	424,560
At 31.12.2025	54,499	164,607	21,707	152,088	-	101,785	494,686

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 01.01.2024	63,326	257,329	43,912	197,271	35,539	87,370	684,747
Additions	1,430	6,554	4,475	6,957	-	44,216	63,632
Write offs	-	(1,440)	(29)	(70)	-	-	(1,539)
Reclassification	16	14,827	264	31,206	-	(46,313)	-
At 01.01.2025	64,772	277,270	48,622	235,364	35,539	85,273	746,840
Additions	317	348	6,610	1,032	-	92,000	100,307
Write offs	-	(1,571)	(45)	-	-	(5,777)	(7,393)
Reclassification	11,012	25,029	3,192	30,149	-	(69,382)	-
At 31.12.2025	76,101	301,076	58,379	266,545	35,539	102,114	839,754
Depreciation							
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 01.01.2025	20,196	127,315	32,659	106,247	35,539	-	321,956
For the year	1,406	10,724	4,125	8,210	-	-	24,465
Realised on write offs	-	(1,571)	(45)	-	-	-	(1,616)
At 31.12.2025	21,602	136,468	36,739	114,457	35,539	-	344,805
Net book value							
At 31.12.2024	44,576	149,955	15,958	129,117	-	85,273	424,879
At 31.12.2025	54,499	164,608	21,640	152,088	-	102,114	494,949

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.

7. Right of use asset and lease liability

a. Right of use asset

	Sewage treatment plant €'000	Motor Vehicles €'000	Total €'000
Group and Corporation			
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

At 1 January 2025	5,714	3,193	8,907
Additions	-	1,899	1,899
Remeasurement due to lease modification	(1,143)	-	(1,143)
Depreciation charge	(1,524)	(1,635)	(3,159)
As at 31 December 2025	3,047	3,457	6,504

Year ended 31 December 2025

Cost	4,571	7,407	11,978
Accumulated depreciation	(1,524)	(3,950)	(5,474)
Net book value	3,047	3,457	6,504

b. Lease Liability

	Sewage treatment plant €'000	Motor Vehicles €'000	Total €'000
Group and Corporation			
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

At 1 January 2025	5,714	3,313	9,027
Additions	-	1,899	1,899
Remeasurement due to lease modification	(1,143)	-	(1,143)
Interest expense on lease liability	155	158	313
Repayment of lease liability	(1,614)	(1,804)	(3,418)
As at 31 December 2025	3,112	3,566	6,678

7. Right of use asset and lease liability – continued

b. Lease Liability - continued

	2025						2024
	€'000						€'000
Non-current							
Lease liability	3,594						5,618
Current							
Lease liability	3,084						3,409
	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	After 5 years	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
31 December 2025							
Lease payments	3,293	2,346	310	310	310	516	7,085
Finance charges	(209)	(83)	(43)	(33)	(23)	(16)	(407)
Net present values	3,084	2,263	267	277	287	500	6,678
31 December 2024							
Lease payments	3,744	3,387	2,439	-	-	-	9,570
Finance charges	(335)	(171)	(37)	-	-	-	(543)
Net present values	3,409	3,216	2,402	-	-	-	9,027

The Statement of Comprehensive income reflects the following amounts with respect to leases:

	2025	2024
	€'000	€'000
Depreciation charge of the right of use assets.	3,159	1,549
Interest expense on lease liability	313	223

8. Finance lease receivables

	Group	
	2025	2024
	€'000	€'000
As at 1 January	797	842
Additions to finance lease receivables	-	4
Finance income on the net investment in finance leases	199	209
Repayments from finance lease receivables	(257)	(258)
As at 31 December	739	797
Non-current	669	739
Current	70	58
	739	797

Amounts receivable under finance leases:

Year 1	258	258
Year 2	258	258
Year 3	258	258
Year 4	258	258
Year 5	258	258
Onwards	217	473
Undiscounted lease payments	1,507	1,763
Less: unearned finance income	(768)	(966)
Net investment in the lease	739	797

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, with possibility of renewal for periods of 1 year.

The Group including 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	
	2025	2024
	€'000	€'000
Finance income on the net investment in finance leases	199	209

8. Finance lease receivables – continued

The subsidiary's finance lease arrangements do not include variable payments.

The finance lease receivables are initially measured at the present value of lease payments receivable over the lease term, discounted using the interest rate implicit in the lease or, if not determinable, the lessor's incremental borrowing rate. The effective interest rate contracted approximates 24.9% (2024: 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	
	2025	2024	2025	2024
	€'000	€'000	€'000	€'000
Cost				
At 1 January	1	1	25	25
Additions	-	-	-	-
At 31 December	1	1	25	25

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

	Registered office	Class of shares held	Percentage of shares held	
			2025	2024
			%	%
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

9. Investments in subsidiaries - continued

With reference to 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 2025, 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	
	2025 €'000	2024 €'000	2025 €'000	2024 €'000
Assets	437	421	232	143
Revenue	442	415	196	191
Net profit	61	58	50	44
Equity	87	27	72	63

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 2025.

10. Investment in jointly-controlled entity

	Group		Corporation	
	2025 €'000	2024 €'000	2025 €'000	2024 €'000
At 1 January	1,008	967	125	125
Share of results	83	41	-	-
Impairment	(501)	-	-	-
At 31 December	590	1,008	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.

10. Investment in jointly-controlled entity - continued

	Registered office	Class of shares held	Percentage of shares held 2025 %	2024 %
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 Group's investment in the jointly-controlled entity, reference was made to the latest financial information available to the Group as at the reporting date:

	2025 €'000	2024 €'000
Assets	13,824	14,952
Liabilities	12,645	14,057
Revenues	13,428	12,786
Results	166	82

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

11. Loan receivable

	Group		Corporation	
	2025 €'000	2024 €'000	2025 €'000	2024 €'000
Non-current				
Loan to related entity	161	217	-	-
Current				
Loan to related entity	57	47	-	-

The loan receivable balance is partially represented by €217,137 (2024: €263,710) (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.

12. Inventories

	Group		Corporation	
	2025	2024	2025	2024
	€'000	€'000	€'000	€'000
Mains and pipes	8,317	8,607	8,263	8,558
Consumables stores and spare parts	14,701	13,532	15,095	13,921
Meters and other inventories	2,492	2,200	2,492	2,200
Total inventories	25,510	24,339	25,850	24,679
Aggregate inventories	28,042	27,120	28,370	27,448
Inventory provisions	(2,532)	(2,781)	(2,520)	(2,769)
Total inventories	25,510	24,339	25,850	24,679

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 €2,532,459 (2024: €2,781,429) for the Group and €2,520,357 (2024: €2,768,645) for the Corporation. These amounts have been charged to profit or loss and are included within 'Operating costs' in the statement of profit or loss and other comprehensive income.

13. Financial assets at fair value through profit or loss

	Group and Corporation	
	Level 1	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
Fair value at 31 December 2025		
Equity instruments	2,896	2,896
Debt securities	15,390	15,390
Total financial assets at fair value through profit or loss	18,286	18,286
	Group and Corporation	
	2025	2024
	€'000	€'000
Year ended 31 December		
At beginning of the year	12,313	-
Additions	6,642	12,254
Disposals	(1,191)	(375)
Net gain from changes in fair value during the year	522	434
At end of year	18,286	12,313

14. Trade and other receivables

	Group		Corporation	
	2025	2024	2025	2024
	€'000	€'000	€'000	€'000
Non-current				
Amounts due from Government - (Note d)	16,209	18,695	16,209	18,695
Allowance for expected-credit loss on amounts due from Government	(30)	(34)	(30)	(34)
Advanced payments to suppliers	822	822	822	822
Total non-current trade and other receivables	17,001	19,483	17,001	19,483
Current				
Trade receivables	22,633	20,135	22,086	19,222
Allowance for expected-credit loss on trade receivables	(5,093)	(5,025)	(5,048)	(4,896)
Accrued income - (Note c)	16,509	20,547	16,494	20,435
Allowance for expected-credit loss on accrued income	(282)	(379)	(282)	(379)
Amounts due from Government - (Note d)	2,500	2,500	2,500	2,500
Other receivables	-	1	-	-
Amounts due from subsidiary - (Note a)	-	-	-	4
Amounts due from jointly controlled entity – (Note b)	-	27,487	-	27,487
Amounts due from related parties (Note b)	438	-	438	-
Prepayments	1,368	1,493	1,265	1,485
Advanced payments to suppliers	1,269	1,246	1,252	1,179
Total current trade and other receivables	39,342	68,005	38,705	67,037
Total trade and other receivables	56,343	87,488	55,706	86,520

(a) Amounts due from the subsidiary are unsecured, interest free and repayable on demand.

(b) Amounts due from jointly-controlled entity and related parties are unsecured, interest-free and are repayable on demand.

(c) Accrued income includes an amount of €14.8 million (2024: €20.4 million) in respect of water units and service charge supplied to customers not yet billed at the year end. This estimate represents 16% (2024: 23%) 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 0.2% to 0.70% 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 (2024: €2.5 million). 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%.

14. Trade and other receivables - continued

The imputed interest rates applied are based on the EIB loan tranches have interest rates ranging from 3.076% to 4.719% per annum. These rates result in a weighted average effective interest rate of 3.93%, reflecting the prevailing market borrowing rates at the date each tranche was obtained.

15. Current tax assets/(liabilities)

	Group		Corporation	
	2025	2024	2025	2024
	€'000	€'000	€'000	€'000
As at 1 January	66	(93)	9	9
Taxation for the year	(321)	(449)	(13)	-
Provisional tax paid	306	476	-	-
Settlement tax paid	21	132	-	-
	72	66	(4)	9

16. Cash and cash equivalents

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

	Group		Corporation	
	2025	2024	2025	2024
	€'000	€'000	€'000	€'000
Cash at bank	10,707	23,364	6,532	16,746
3-month fixed term deposit	24,000	27,000	16,000	15,000
Cash in hand	8	8	8	8
Cash from investments	86	99	86	99
Cash and cash equivalents (gross)	34,801	50,471	22,626	31,853
Allowance for ECL	(62)	(87)	(43)	(57)
Cash and cash equivalents (net)	34,739	50,384	22,583	31,796

- a) The Group and the Corporation had restrictions amounting to €34,525 (2024: €60,382) on cash and cash equivalents.
- b) As at year end, the balances held in term deposits are as follows:
 1. A fixed-term deposit of €8 million (2024: €12 million) held by subsidiary. The term deposit bears an interest rate of 1.17% and matures on 6 February 2026.
 2. A fixed-term deposit of €16 million (2024: €15 million) held by the Corporation, having an interest rate of 1.02% per annum and a maturity date of 14 January 2026.
 3. In addition, the Group and the Corporation have an unused overdraft facility of €10 million, bearing interest rate of 1.6% per annum over the 3-month EURIBOR rate.

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 contributions reserve

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

18. Bond borrowings

	Group	
	2025	2024
	€'000	€'000
Non-current		
250,000 4.25% Bonds 2033	24,627	24,578
Carrying amount at 1 January	24,578	24,529
Amortisation of bond issue cost	49	49
Carrying amount at 31 December	24,627	24,578
Current		
Bond accrued interest payable	376	376

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 €99.80 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	
	2025	2024
	€'000	€'000
Original face value of bonds issued	25,000	25,000
Gross amount of bond issue costs	(488)	(488)
Accumulated amortisation	115	66
Unamortised bond issue costs	(373)	(422)
Amortised cost and closing carrying amount of the bonds	24,627	24,578

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	
	2025	2024	2025	2024
	€'000	€'000	€'000	€'000
Non-current				
Deferred income	112	126	-	-
Advance payments from customers	69	83	-	-
Total non-current other payables	181	209	-	-
Current				
Trade payables	10,614	11,633	10,469	11,628
Other payables	2,787	2,217	2,899	5,434
Obligations for pensions benefits (Note 23)	8,130	7,717	8,130	7,717
Indirect taxation and social security	4,354	1,332	3,365	317
Accruals	65,710	58,145	65,644	58,049
Deferred income	567	3,356	537	-
Amounts due to jointly-controlled entity	2,375	-	2,375	-
Amounts due to related parties	-	143	-	143
Amounts due to subsidiary	-	-	11	-
Advance payments from customers	14	14	-	-
Other accrued payables to subsidiary	-	-	195	294
Total current trade and other payables	94,551	84,557	93,625	83,582
Total trade and other payables	94,732	84,766	93,625	83,582

20. Bank borrowings

	Group and Corporation	
	2025	2024
	€'000	€'000
Current		
Bank loans	2,654	2,613
Non-current		
<i>Bank loans</i>		
Between 1 and 5 years	8,229	9,823
Over 5 years	1,442	2,502
Total non-current borrowings	9,671	12,325
Total borrowings	12,325	14,938
<i>Interest rate exposure</i>		
At fixed rates	12,325	14,938
Total borrowings	12,325	14,938
	2025	2024
	€'000	€'000
As at 1 January	14,938	34,237
Amount advanced from banks	-	-
Repayment of borrowings	(2,613)	(19,299)
Total borrowings	12,325	14,938

At year end, the Group and the Corporation had aggregate bank facilities of €16,221,543 (2024: €18,974,250).

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

- i. The first bank loan of €12,325,133 (2024: €14,938,285) 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.

21. Loan from subsidiary

	Corporation	
	2025	2024
	€'000	€'000
Non-current		
Loan from subsidiary	14,955	7,470

As at 31 December 2025, the subsidiary advanced loan to the Corporation of €14,954,654 (2024: €7,469,890) (exclusive of accrued interest payable disclosed as part of Note 19). During the year ended 31 December 2025, loan tranches amounting to €7,484,764 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	
	2025	2024
	€'000	€'000
As at 1 January	285,583	257,565
Subsidies recognised during the year (Note 26)	53,355	63,467
Transfer to profit or loss (Note 26)	(37,361)	(35,449)
	301,577	285,583
Current	15,627	14,747
Non-current	285,950	270,836
At 31 December	301,577	285,583

23. Provisions for other liabilities and charges

23.1 Provisions for legal claims

	Group and Corporation	
	2025	2024
	€'000	€'000
Non-current		
As at 1 January	808	2,646
Additions/(reversals)	259	(1,838)
As at 31 December	1,067	808

The amounts shown comprise gross provisions in respect of legal claims brought against the Group and the Corporation.

23. Provisions for other liabilities and charges – continued

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	
	2025	2024
	€'000	€'000
Obligations for pension benefits		
As at 1 January	11,393	11,070
<i>Credited to other comprehensive income</i>		
Movement in remeasurements of post-employment benefits obligations due to actuarial assumptions	479	508
<i>Charged to profit or loss</i>		
Interest and current service costs	(304)	(185)
As at 31 December	11,568	11,393
Current (Note 19)	8,130	7,717
Non-current	3,438	3,676
As at 31 December	11,568	11,393

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.

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 2025, the weighted average discount rate used was 3.05% (2024: 2.81%).

(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.

23. Provisions for other liabilities and charges – continued

23.2 Pensions and other post-employment benefit plans - continued

(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 (2024: 85 and 88 years) depending on the age and gender of the beneficiaries.

24. Other borrowings

	Group and Corporation	
	2025 €'000	2024 €'000
Current		
Within 1 year	208	205
	208	205
Non-current		
Between 1 and 5 years	1,093	1,076
Over 5 years	1,299	1,525
	2,392	2,601
	2,600	2,806

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

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. This is recognised over time as the performance obligations to the customer are satisfied.

	Group		Corporation	
	2025 €'000	2024 €'000	2025 €'000	2024 €'000
Sale of water	97,050	89,644	97,050	89,644
Meter and other ancillary service charges	3,601	3,700	3,601	3,700
Other income	7,775	7,409	6,816	6,119
	108,426	100,753	107,467	99,463

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	
	2025	2024
	€'000	€'000
<i>Subsidies recognised during the year attributable to:</i>		
Recurrent expenditure	20,907	20,756
Capital expenditure (Note 22)	32,448	42,711
	53,355	63,467
<i>Subsidies credited to profit or loss during the year:</i>		
Recurrent expenditure	20,907	20,755
Deferred government grants (Note 22)	16,454	14,694
As at 31 December	37,361	35,449

27. Expenses by nature

	Group		Corporation	
	2025	2024	2025	2024
	€'000	€'000	€'000	€'000
Employee benefit expense (Note 27.1)	38,286	35,810	38,286	35,810
Directors' remuneration (Note 27.1)	160	168	120	123
Depreciation and amortisation (Notes 6, 7 and 18)	27,647	22,623	27,625	22,613
Movement in ECL allowance (Notes 14 and 16)	(59)	(603)	38	(643)
Movement in legal provision (Note 23)	259	(1,839)	259	(1,839)
Movement in inventory provisions (Note 12)	(249)	29	(249)	29
Electricity	20,075	19,473	20,075	19,473
Repairs and maintenance	25,638	15,285	21,093	15,277
Material consumed	6,530	6,022	6,272	5,683
Waste disposal	5,612	4,339	5,612	4,339
Management fees	5,787	5,502	5,787	5,502
Transport costs	1,378	1,329	1,378	1,329
Professional fees	600	304	600	304
Annual statutory audit	88	54	78	44
Impairment in joint venture	501	-	-	-
Other expenses	6,526	6,410	10,977	6,154
Total operating costs and administrative expenses	138,779	114,906	137,951	114,198

27. Expenses by nature - continued

Auditor's fees

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

	Group		Corporation	
	2025	2024	2025	2024
	€'000	€'000	€'000	€'000
Annual statutory audit	88	54	78	44

27.1 Employee benefit expense

	Group		Corporation	
	2025	2024	2025	2024
	€'000	€'000	€'000	€'000
Wages and Salaries (including Directors' remuneration)	36,097	33,642	36,057	33,597
Social security costs	2,349	2,336	2,349	2,336
Cost of service pensions payable to Government	(304)	(185)	(304)	(185)
	38,142	35,793	38,102	35,748

	Group		Corporation	
	2025	2024	2025	2024
Average number of employees	1,038	1,039	1,038	1,039

	Group		Corporation	
	2025	2024	2025	2024
	€'000	€'000	€'000	€'000
<i>Directors' remuneration</i>				
Salaries and other emoluments	160	168	120	123

28. Finance income

	Group		Corporation	
	2025	2024	2025	2024
	€'000	€'000	€'000	€'000
Imputed interest on amounts due from Government	514	594	514	594
Interest on outstanding trade receivables	451	418	451	418
Bank interest income	137	463	-	-
Finance income on net investment in finance leases	199	209	-	-
Fair value gains on investment	522	434	522	434
Investment income	558	839	558	839
Other interest income	8	10	-	-
	2,389	2,967	2,045	2,285

29. Finance costs

	Group		Corporation	
	2025	2024	2025	2024
	€'000	€'000	€'000	€'000
Bank interest	577	722	1,058	964
Lease interest	313	223	313	223
Bond interest	1,062	1,062	-	-
Issue costs	49	49	-	-
Financing services fee	-	-	683	972
Other interest	284	216	284	167
As at 31 December	2,285	2,272	2,338	2,326

30. Tax expense

	Group		Corporation	
	2025	2024	2025	2024
	€'000	€'000	€'000	€'000
Current taxation	321	450	13	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	
	2025	2024	2025	2024
	€'000	€'000	€'000	€'000
Profit before tax	7,499	22,217	6,888	20,858
Tax at 35%	2,625	7,776	2,411	7,300
Tax effect of:				
Movement in temporary differences arising in PPE and right of use asset	2,138	(600)	2,136	(600)
Movement arising on provisions	(117)	(909)	(89)	(923)
Movement arising on foreign exchange	(182)	-	(182)	-
Movement in unabsorbed losses	(594)	(204)	(594)	(204)
Expenses not deductible for tax purposes	2,261	136	2,114	84
Exempt income	(5,759)	(5,634)	(5,759)	(5,634)
Interest income taxed at source	(27)	(93)	-	-
Unrelieved foreign tax	13	-	13	-
Maintenance allowance on rental income	(37)	(22)	(37)	(22)
Current taxation	321	450	13	1

As at year end, the Corporation had a deferred tax asset of €34,523,729 (2024: €31,230,213), which has not been recognised as it is not expected to be utilised in the foreseeable future. This is largely arising from unabsorbed trading losses and capital allowances amounting to €114,117,831 (2024: €115,815,102) and €102,266,686 (2024: €92,588,549) respectively, net of other temporary differences.

31. 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	
	2025	2024
	€'000	€'000
Authorised but not contracted for	52,388	51,122

32. 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.

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.

33. 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	2025	2024
	€'000	€'000
Statement of profit or loss and other comprehensive income		
Sales of goods held for resale and provision of services		
- Subsidiary	770	526
- Jointly-controlled entity	213	187
- Related entities	2,108	5,001

33. Related party transactions - continued

Corporation	2025	2024
Interest expense on loan payable		
- Subsidiary	481	193
Financing services fee costs		
- Subsidiary	683	972
Management fees charged to		
- Subsidiary	255	255
Cost of goods sold		
- Subsidiary	7	21
- Jointly-controlled entity	5,929	5,602
- Related entities	25,183	21,327
Corporation	2025	2024
	€'000	€'000
Statement of financial position		
Amounts payable to		
- Subsidiary	11	-
- Related entities	2,976	2,715
- Jointly-controlled entity	2,375	-
Accrued payables		
- Subsidiary	195	294
Loan payable to		
- Subsidiary	14,955	7,470
Amounts receivable from		
- Subsidiary	-	4
- Related entities	1,750	1,110
- Jointly-controlled entity	-	27,487
- Government	18,709	21,195

34. 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.

35. Subsequent events

The directors are also monitoring recent developments internationally, in particular to how markets are reacting to rising geopolitical tensions and whether conflicts in the Middle East might have an impact on business in Malta. While remaining cautiously optimistic, the management of the Group and Corporation will continue to observe the situation abroad and the related impact it may have locally to be able to mitigate timely against such risks.

36. Comparative information

Certain comparative figures disclosed in components of these financial statements have been reclassified to conform with the current year's format in line with the requirements of IFRS Accounting Standards, including the below:

Reclassifications in the statement of cash flows

During the current financial year, management reassessed the classification of certain amounts in the statement of cash flows in line with IAS 7 Statement of Cash Flows. Management is presenting the statement of cash flows between gross cash and cash equivalents (before ECL).

Corporation – EUR'000

	As previously reported	Reclassifications	As restated
Net cash flows generated from operating activities	45,653	1,216	46,869
Net cash flows used in investing activities	(76,228)	780	(75,448)
Net cash flows used in financing activities	(2,840)	(2,055)	(4,895)
Cash and cash equivalents at beginning of year	65,211	116	65,327
Cash and cash equivalents at end of year	31,796	57	31,853

Group – EUR'000

	As previously reported	Reclassifications	As restated
Net cash flows generated from operating activities	45,815	1,063	46,878
Net cash flows used in investing activities	(76,224)	1,081	(75,143)
Net cash flows used in financing activities	(8,524)	(2,057)	(10,581)
Cash and cash equivalents at beginning of year	89,317	-	89,317
Cash and cash equivalents at end of year	50,384	87	50,471

Other reclassifications

Management has also reassessed the classification of other items during the current financial year, and the comparative information in respect of the below has also been reclassified retrospectively to confirm with the requirements of IAS 1 *Presentation of Financial Statements* and IAS 7 *Statement of Cash Flows*.

36. Comparative information - continued

Other reclassifications - continued

Corporation – EUR'000

	As previously reported	Reclassifications	As restated
Prepayments (in trade and other receivables within current assets)	2,307	(822)	1,485
Advanced payments to suppliers (in trade and other receivables within non-current assets)	-	822	822

Group – EUR'000

	As previously reported	Reclassifications	As restated
Prepayments (in trade and other receivables within current assets)	2,315	(822)	1,493
Advanced payments to suppliers (in trade and other receivables within non-current assets)	-	822	822

Corporation – EUR'000

	As previously reported	Reclassifications	As restated
Bank overdrafts (in bank borrowings within current liabilities)	(4,036)	4,036	-
Cash and cash equivalents (within current assets)	35,832	(4,036)	31,796

Group – EUR'000

	As previously reported	Reclassifications	As restated
Bank overdrafts (in bank borrowings within current liabilities)	(4,036)	4,036	-
Cash and cash equivalents (within current assets)	54,420	(4,036)	50,384

Management concluded that the revised presentation is consistent with the requirements of IFRS as adopted by the EU, industry practice and the operations of the Group and the Corporation.

The correction of these reclassification misstatements relates solely to presentation and classification matters, and had no impact on the Company's equity and total comprehensive income.

Income statement

	Pages	Group		Corporation	
		2025 €'000	2024 €'000	2025 €'000	2024 €'000
Revenue		108,426	100,753	107,467	99,463
Government subsidies		37,361	35,449	37,361	35,449
Operating costs - water	64	(53,076)	(48,217)	(52,816)	(47,870)
Operating costs - waste water	65	(40,938)	(30,982)	(40,938)	(30,982)
Administrative expenses	66	(44,765)	(35,707)	(44,197)	(35,346)
Provision for cost of service pensions payable to Government		304	185	304	185
Operating profit		7,312	21,481	7,181	20,899
Share of results of jointly-controlled entity		83	41	-	-
Finance income		2,389	2,967	2,045	2,285
Finance costs		(2,285)	(2,272)	(2,338)	(2,326)
Profit before taxation		7,499	22,217	6,888	20,858

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

Operating costs – water

	Group		Corporation	
	2025	2024	2025	2024
	€'000	€'000	€'000	€'000
Production costs				
Electricity charge	15,213	14,551	15,213	14,551
Wages and salaries	3,491	3,312	3,491	3,312
Repairs and maintenance	1,384	863	1,696	884
Materials consumed	1,547	1,627	1,275	1,259
Movement in inventory provision	(249)	29	(249)	29
Depreciation of property, plant and equipment	3,999	3,433	3,999	3,433
Telecommunication costs	5	14	5	14
Transport costs	90	80	90	80
Postage, printing and stationery	8	6	8	6
Professional fees	28	2	28	2
Travelling and entertainment	13	(2)	13	(2)
General expenses	311	13	11	12
Insurance	4	3	4	3
Licences and permits	1	5	1	5
Rent	-	-	-	-
Security charges	3	-	3	-
	25,848	23,936	25,588	23,588
Distribution costs				
Electricity charge	211	217	211	217
Wages and salaries	10,382	9,789	10,382	9,789
Repairs and maintenance	5,753	4,498	5,753	4,498
Materials consumed	450	492	450	492
Depreciation of property, plant and equipment	9,149	8,517	9,149	8,517
Telecommunication costs	41	50	41	50
Transport costs	240	242	240	242
Professional fees	10	38	10	38
Postage, printing and stationery	17	29	17	29
Travelling and entertainment	29	26	29	26
General expenses	272	11	272	41
Insurance	68	5	68	5
Licences and permits	355	292	355	292
Security charges	236	59	236	59
Rent	15	16	15	16
	27,228	24,281	27,228	24,311
Total operating costs - water	53,076	48,217	52,816	47,899

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

Operating costs – waste water

	Group and Corporation	
	2025 €'000	2024 €'000
Electricity charge	4,523	4,588
Wages and salaries	7,994	7,525
Repairs and maintenance	5,893	2,135
Waste disposal and related costs	5,612	4,179
Materials consumed	3,901	3,301
Depreciation of property, plant and equipment	12,048	8,403
Telecommunication costs	16	22
Transport costs	590	520
Postage, printing and stationery	12	16
Professional fees	65	29
Security charges	69	83
Travelling and entertainment	14	13
General expenses	38	46
Insurance	46	39
Licences and permits	32	32
Rent	85	51
Total operating costs - waste water	40,938	30,982

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

Administrative expenses

	Group		Corporation	
	2025	2024	2025	2024
	€'000	€'000	€'000	€'000
Wages and salaries	16,419	15,184	16,419	15,184
Directors' remuneration	160	168	120	123
Auditor's remuneration	88	52	78	44
Management fees	5,787	5,502	5,787	5,502
Depreciation of property, plant and equipment	2,451	2,270	2,429	2,260
Loss on disposal	1	32	1	32
Movement in ECL allowance	(58)	(604)	38	(643)
Movement in legal provision	259	(1,839)	259	(1,839)
Impairment	501	-	-	-
Bad debts	387	1,753	387	1,753
Penalties	-	-	-	-
Postage, printing and stationery	110	78	110	78
Repairs and maintenance	12,702	7,850	9,365	7,850
Materials consumed	2,153	630	647	630
Rent	130	126	130	126
General expenses	540	1,229	5,308	970
Professional fees	560	389	560	389
Transport costs	228	233	225	233
Telecommunication costs	109	151	109	151
Insurance	365	232	365	232
Licences	1,048	1,843	1,048	1,843
Electricity charge	128	117	128	117
Waste water quality	2	6	2	6
Advertising and promotional costs	424	49	424	49
Staff costs	57	44	44	44
Travelling and entertainment	187	205	187	205
Realised exchange difference	27	7	27	7
Total administrative expenses	44,765	35,707	44,197	35,346

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

