FINANCIAL ANALYSIS SUMMARY

25 September 2025

ISSUER

SD FINANCE PLC

(C 79193)

GUARANTOR

SD HOLDINGS LIMITED

(C 40318)

Prepared by:

MZ INVESTMENTS

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The Directors
SD Finance plc
Seabank Hotel
Marfa Road, Għadira
Mellieħa MLH 9064
Malta

25 September 2025

Dear Board Members,

Financial Analysis Summary

In accordance with your instructions, and in line with the requirements of the MFSA Listing Policies, we have compiled the Financial Analysis Summary (the "**Analysis**") set out on the following pages and which is being forwarded to you together with this letter.

The purpose of this Analysis is that of summarising key financial data appertaining to SD Finance plc (the "**Issuer**", "**Company**", or "**SD Finance**") and SD Holdings Limited (the "**Guarantor**", "**Group**", or "**SD Holdings**"). The data is derived from various sources or is based on our own computations as follows:

(a) Historical information for the most recent three financial years ended 31 March 2023, 31 March 2024, and 31 March 2025 has been extracted from the respective audited annual financial statements.

(b) The forecasts and projections for the financial years ending 31 March 2026 and 31 March 2027 have been provided by the Group.

(c) Our commentary on the financial performance, cash flows, and financial position of the Issuer and the Guarantor is based on explanations provided by the Group.

(d) The ratios quoted in this Analysis have been computed by applying the definitions set out in Part 4 – Explanatory Definitions.

(e) Relevant financial data in respect of the companies included in Part 3 – Comparative Analysis has been extracted from public sources such as websites of the companies concerned, financial statements filed with the Malta Business Registry, as well as other sources providing financial information.

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This Analysis is meant to assist investors by summarising the more important financial information of the Group. This Analysis does not contain all data that is relevant to investors and is meant to complement, and not replace, the contents of the full Prospectus. Furthermore, it does not constitute an endorsement by our firm of any securities of the Issuer and should not be interpreted as a recommendation to invest or not invest in any of the Issuer's securities. We will not accept any liability for any loss or damage arising out of the use of this Analysis, and no representation or warranty is provided in respect of the reliability of the information contained in the Prospectus. As with all investments, investors are encouraged to seek professional advice before investing in the Issuer's securities.

Yours faithfully,

Evan Mohnani
Head of Corporate Broking

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PART 1 – INFORMATION ABOUT THE GROUP

1. ABOUT THE ISSUER AND THE GROUP

SD Finance plc was registered and incorporated on 20 January 2017 for the purpose of acting as a finance company to the Group. As a result, the Issuer is entirely dependent on the operations, performance, and prospects of the Guarantor. Conversely, **SD Holdings Limited** is the parent and holding company of the Group, which is a family-owned business principally engaged in hospitality, catering, leisure and entertainment, and real estate development.

Initially starting off as a guesthouse in 1984, the Group experienced significant growth over the years and presently operates its own brands – **db Hotels + Resorts** and **Lifestyle Group**[1]. During this period, the Guarantor also forged strategic relationships and alliances with a range of global players, among them Hard Rock Café International and Starbucks Corporation. More recently, the Group also secured additional franchises for Malta, including EL&N London and GROM.

Following its growth and success in Malta, and as part of its ongoing strategy to pursue new investment opportunities, the Group took a strategic decision in 2022 to expand internationally and, in this context, established an office in Mayfair, London ("**SDH Capital**"). Consequently, the Group secured a 35-year lease on a historic listed building in Cavendish Square, Marylebone, located in the heart of London's West End. Following extensive restoration and renovation works, supported by a total investment of circa GBP12 million, the property has been transformed into an exclusive Aki-branded establishment comprising a lounge, bar, and restaurant serving a unique gastronomical haute Japanese cuisine experience. **Aki London** is scheduled to be inaugurated on 30 September 2025.

Another recent landmark initiative by the Group, through the London office, has been the creation of a 50%-50% joint venture with RAK Hospitality Holding LLC ("**RAKHH**").[2] The joint venture – HR Hotel FZ-LLC – will pursue the **RAK Project** which comprises a strategically positioned mixed-use development located on a prime beachfront plot in Ras Al Khaimah's Beach District, in proximity of Al Marjan Island.[3] The development will incorporate the first Hard Rock Hotel & Residences in the UAE, and will feature a five-star hotel comprising approximately 304 hotel rooms and circa 395 branded residences ("**Hard Rock Hotel & Residences Ras Al Khaimah**"). The hotel will include several restaurants featuring diverse cuisines and including signature beachfront establishments along the

[1] Lifestyle Group encapsulates the Group's diverse restaurant operations, comprising a dynamic portfolio of well-known brands, each offering a unique and differentiated experience. In the refined dining space, it features sophisticated establishments like Aki, Amami, Colette, LOA, and TORA. The day-life segment is characterised by vibrant venues such as Manta, Blu Beach Club, and Nine Lives. For casual dining, Lifestyle Group offers a wide range of tastes with convenience and quality through brands like Westreme, Amami Food Bar, and Verani.
[2] Established in 2014 and owned by the Investment and Development Office of the Government of Ras Al Khaimah, RAKHH is the leading hospitality firm in one of the emirates forming the United Arab Emirates ("**UAE**"). RAKHH encompasses a wide spectrum of businesses including luxury, upper-upscale, and upscale hotels, leisure and entertainment venues, a variety of dining establishments, employee accommodation solutions, and logistics services. RAKHH also operates a dedicated event management company and provides real estate and hospitality asset management and advisory services across the Middle East region and beyond. RAKHH is also developing the Wynn Al Marjan Island project, in partnership with Marjan and Wynn Resorts, introducing the first integrated resort in the UAE.
[3] Ras Al Khaimah is increasingly emerging as a strategic investment destination, located just a short drive from the cities of Dubai and Abu Dhabi, underpinned by top-tier infrastructure, nature-driven tourism, and 7,000-year cultural heritage, attracting investment capital across diverse sectors including hospitality, residential real estate, retail, and mixed-use development projects.

promenade, a rooftop bar, conference space and event venues, a beach club, swimming pools, and a spa and fitness centre. Upon the completion of the RAK Project in 2028, the Group will be appointed as operator of the Hard Rock Hotel & Residences Ras Al Khaimah.

2. DIRECTORS OF THE ISSUER

The Board of Directors of SD Finance comprises the following six individuals:

Silvio Debono	Chairman
Robert Debono	Director and Group Chief Executive Officer
Alan Debono	Executive Director
Philip Micallef	Independent Non-Executive Director
Vincent Micallef	Independent Non-Executive Director
Stephen Muscat	Independent Non-Executive Director

3. DIRECTORS OF THE GUARANTOR

The Board of Directors of SD Holdings comprises the following seven individuals who are responsible for the overall development, strategic direction, and risk management of the Group:

Silvio Debono	Chairman
Robert Debono	Director and Chief Executive Officer
Alan Debono	Director and Chief Procurement and Accounting Officer
David Debono	Director and Chief Legal Officer
Victoria Debono Borg	Director and Brands Manager
Jesmond Vella	Director and Chief Operating Officer
Veronica Debono	Director

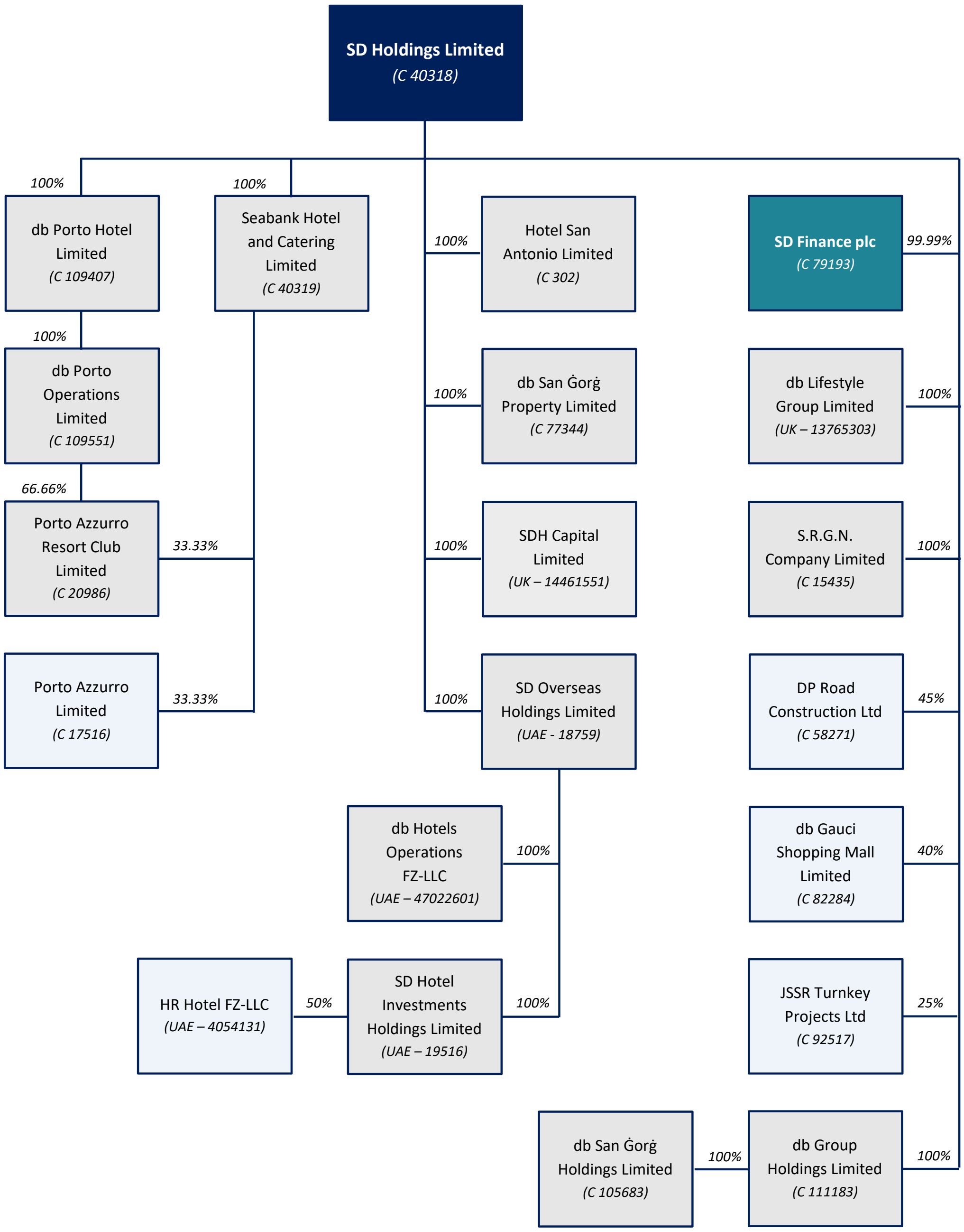
4. GROUP SENIOR MANAGEMENT

The Board of Directors of SD Holdings is supported by the following members of the senior management team who assist in the execution of the Group's strategy, oversee day-to-day operations, and ensure effective administration of the Group's resources:

Robert Debono	Group Chief Executive Officer
David Debono	Group Chief Legal Officer
Jean Claude Fenech	Group Chief Financial Officer
Trevor Vella	Chief Financial Officer – Head Office
Nicholas Portelli	Managing Director of SDH Capital Limited
Thomas Fehlbier	Director of Hotels – Lifestyle and Luxury
John Wiltshire	Chief Operating Officer – Lifestyle Group

5. GROUP ORGANISATIONAL STRUCTURE

The diagram below illustrates the organisational structure of SD Holdings and only includes the principal subsidiaries and associates whose results and financial position are material to the Group. It excludes Malta Healthcare Caterers Ltd ("**MHC**"), Kore Air Services Limited ("**KAS**"), and Kore Inflight Services Ltd ("**KIS**")[4], which were reclassified as discontinued operations in FY2025 following the Group's strategic decision to divest its interest in these associates in order to focus on its core hospitality and property development activities, both in Malta and internationally.



[4] MHC provides health and social care services, whilst KAS and KIS specialise in the provision of catering services within the aviation sector.

Over the course of 2025, the Group undertook a reorganisation exercise aimed at streamlining its ownership structures and enhancing capital deployment across its subsidiaries. To this end, a new intermediary holding company – db Group Holdings Limited – was incorporated to serve as the central parent entity within the Group's structure. Within this framework, db San Ġorġ Holdings Limited was established as one of the main subsidiaries of db Group Holdings Limited, acting as the parent company of several entities involved in the **db St George's Bay Project**.[5] The other principal subsidiaries of db Group Holdings Limited are involved in: (i) construction, finishes and turnkey project services; (ii) the operation of the Charles & Ron Cafeteria, EL&N London, GROM, and Starbucks franchises amongst others; (iii) the management of all the agreements related to the Hard Rock franchise outlets in Malta; (iv) the ownership of the royalty rights over db Hotels + Resorts and other branded restaurants of the Group in Malta; and (v) the operation of laundry and other human resources services owned by the Group.

Related to the db St George's Bay Project but outside of the structure of db Group Holdings Limited are db San Ġorġ Property Limited and db Gauci Shopping Mall Limited. The former holds the temporary emphyteusis over the site on which the db St George's Bay Project is being developed, whilst db Gauci Shopping Mall Limited will be responsible for leasing and operating the **St George's Mall**.

Hotel San Antonio Limited owns and operates the db San Antonio Hotel + Spa ("**San Antonio**"), whilst Seabank Hotel and Catering Limited owns and operates the db Seabank Resort + Spa ("**Seabank**"). Separately, db Porto Hotel Limited owns the **Xemxija Bay Hotel** (formerly the Porto Azzurro Hotel), with its subsidiary, db Porto Operations Limited, responsible for the hotel's day-to-day operations.

The Group's restaurant and lifestyle operations are held through S.R.G.N. Company Limited, which holds title by ownership, lease, or emphyteusis, and operates, all Lifestyle Group restaurants and establishments.

For its investments outside of Malta, besides SDH Capital Limited, SD Holdings established db Lifestyle Group Limited which acts as the parent company of the entities holding the leasehold title and operating Aki London. Furthermore, SD Overseas Holdings Limited acts as the parent company of the RAK Project in the UAE.

[5] See Section 6.3 for a description of the db St George's Bay Project.

6. PRINCIPAL ASSETS

The Group has three major assets: the Seabank, the San Antonio, and the right-of-use for the land that is currently being redeveloped into the db St George's Bay Project. During FY2025, SD Holdings successfully concluded the negotiations for the sale of its shareholding in MHC which was previously considered as a principal asset of the Group.

SD Holdings Limited Principal Assets As at 31 March	2023 €'000	2024 €'000	2025 €'000
db Seabank Resort & Spa	92,179	112,246	116,100
db San Antonio Hotel & Spa	79,301	110,218	110,200
db St George's Bay	82,628	84,704	140,926
Malta Healthcare Caterers Ltd (50% ownership)	15,358	20,337	401
	269,466	**327,505**	**367,627**
As % of total assets:			
db Seabank Resort & Spa	24.51	23.68	19.62
db San Antonio Hotel & Spa	21.09	23.25	18.62
db St George's Bay	21.97	17.87	23.81
Malta Healthcare Caterers Ltd (50% ownership)	4.08	4.29	0.07
	71.65	**69.10**	**62.12**

6.1 DB SEABANK RESORT + SPA

Seabank is a four-star all-inclusive resort featuring 541 nautical-themed rooms and suites, located at the foot of Malta's largest sandy beach, Mellieħa Bay. The resort enjoys spectacular and unobstructed panoramic sea views, and sits on approximately 23,000 sqm of land, 80% of which are landscaped.

In 2012, with an injection of €40 million, the resort was entirely renovated and significantly expanded. Today, Seabank houses seven themed restaurants, three bars, Malta's largest hotel pool, a state-of-the-art fitness centre, and a spa with a heated indoor pool. In 2015, a new entertainment complex incorporating three additional restaurants, a bowling alley, a sports bar, and dedicated clubs for children and teenagers were inaugurated.

Year after year, the Group maintained a consistent focus on quality and innovation, with ongoing capital investment directed toward upgrading guest rooms, public areas, and service offerings. During the COVID-19 pandemic closures between 2021 and 2022, the Group capitalised on this downtime to refurbish numerous areas, including the former Tramun Tagħna and Pellicola restaurants which were thereafter rebranded to Salia and Levant. Moreover, during FY2024 the Group initiated a room refresh project to give a new look to all hotel rooms. This project was completed in FY2025 and was extended to cover the hotel's public areas.

Another milestone reached by Seabank in 2025 was the attainment of the Green Key Certification, a globally recognised eco-label awarded in recognition of efforts to operate responsibly and support global environmental goals.

6.2 DB SAN ANTONIO HOTEL + SPA

San Antonio is a 515-room four-star all-inclusive hotel located in Qawra. It is built in a Moorish style and includes seven themed restaurants, two bars, indoor, outdoor, and rooftop pools, a fitness centre, a Hammam spa, and extensive conference facilities which make the hotel an ideal host for both local and international conferences.

Operating since 2002, the San Antonio Hotel + Spa underwent substantial upgrades and an extension in 2015, with a total investment of €33 million. During 2021 and 2022, most of the hotel's rooms and public areas, as well as the spa and indoor pool were completely refurbished and upgraded. Furthermore, during the same period, the Group fully renovated and rebranded one of the hotel's restaurants – the Saboroso-Comida Latina – which became fully operational in May 2022, further enhancing the hotel's dining portfolio.

In FY2025, San Antonio was granted the Green Key Certification and converted the apartments that were previously offered for long-term accommodation into part of the hotel's room inventory.

6.3 DB ST GEORGE'S BAY PROJECT

On 1 February 2017, the Group entered into a deed of temporary emphyteusis with the Commissioner of Land (on behalf of the Government of Malta) for a site having a total surface area of *circa* 24,000 sqm located in St George's Bay, St Julians, Malta.

On 12 July 2023, the Group received the executable full development permit and immediately initiated excavation works. The mixed-use development, entailing a total investment of nearly €260 million, is expected to be completed in 2026 and will feature a five-star Hard Rock Hotel ("**Hard Rock Hotel St George's Bay**") and two residential towers – **ORA Residences** – which will also include sky villas and a rooftop pool. The project will also comprise **St George's Mall** – a shopping mall spanning over 20,000 sqm housing globally renowned brands, extensive underground parking facilities for 1,300 motor vehicles, a 1,300 sqm supermarket, and various other amenities such as international bars and restaurants, creating a vibrant hub for residents and visitors alike. Besides, the St George's Bay Project will feature 5,000 sqm of open spaces, a botanical garden, and a large entertainment area.

HARD ROCK HOTEL ST GEORGE'S BAY

The Hard Rock Hotel St George's Bay will be the brand's first hotel in Malta, introducing a new dimension to the local lifestyle and hospitality scene. The hotel, which is set to open for business in Q2 2026, will retain the architectural character of the original 19th century British military accommodation quarters and will feature 394 rooms, including 25 suites with private pools. The property is designed to accommodate a wide range of guests, including couples, families, business travellers, and leisure visitors. Furthermore, the Hard Rock Hotel St George's Bay will be a destination resort that combines elements of Malta's local character with the brand's international standards. Facilities will include 15 restaurants, amongst which the third and largest Hard Rock Café outlet in Malta with a capacity of 250 covers, as well as bars, lounges, and club concepts, a rooftop pool, a branded international beach club, and a wellness and fitness centre spanning 3,000 sqm, ranking amongst the most extensive in Malta.

The Hard Rock Hotel St George's Bay and ancillary food and beverage ("**F&B**") operations are expected to generate revenues of €54.70 million in FY2027, with EBITDA projected at €22.07 million, equivalent to a margin of 40.35%.

ORA RESIDENCES

With a total floor area of over 34,000 sqm, ORA Residences will offer 179 luxuriously designed high-end residences, each featuring its own spacious garden terrace. The residences will be complemented by a suite of exclusive, top-tier personalised services, all within a cutting-edge sustainable living concept. Furthermore, through an innovative club membership programme, residents will have access to a wealth of high-end amenities, including private temperature-controlled wine cellars, private pools, housekeeping services, chauffeurs, and concierge services.

The ORA Residences have been designed with the assistance of Dr Laura Gatti – the award-winning landscape designer behind the greenery of the world-renowned development known as the Vertical Gardens situated in Porta Nuova, Milan. The ORA Residences are expected to be completed in 2026.

Almost all residential units forming part of the **ORA West** and **ORA East** towers are subject to a promise of sale agreement ("**POSA**"), with the exception of the eight sky villas which have not yet been marketed and are therefore not currently available for sale. Being located within a Special Designated Area, ORA Residences grant both EU and non-EU nationals equal property acquisition rights, thereby removing the requirement for an Acquisition of Immovable Property permit. Revenues from the sale of ORA Residences in FY2027 are projected to amount to €202.73 million, with a corresponding EBITDA contribution of €124.50 million.

On 2 July 2025, the Group submitted an application for an additional full development permit in relation to the proposed extension of both towers by a total of 13 floors, including one duplex floor on each tower. The proposal provides for the addition of 82 apartments, consisting of 76 standard units and six duplex units.

6.4 MALTA HEALTHCARE CATERERS

In **FY2023**, MHC generated total revenue of €103.94 million, representing a year-on-year increase of 14.94%, reflecting an increase in business across all three operating segments. Healthcare services remained the main driver, accounting for €72.62 million or 69.86% of total income. The St Vincent de Paule Residence ("**SVPR**") concession agreement contributed €21.18 million, equivalent to 20.38% of turnover, whilst catering services provided €10.14 million, representing 9.76% of aggregate revenue.

Total comprehensive income increased by 16.41% to €10.16 million, whilst the dividend attributable to SD Holdings amounted to €2.27 million.

In **FY2024**, revenues advanced by 26.55% to €131.54 million, underpinned by broad-based growth across all segments. Healthcare services registered an increase of 31.48%, contributing €95.48 million and representing 72.58% of total income. Revenue from the SVPR concession agreement expanded by 11.99% to €23.72 million, although its relative weight within the revenue mix declined to 18.03%. Catering services increased by 21.67% to €12.34 million, broadly maintaining its overall contribution at 9.38%.

Despite the strong growth in revenue, total comprehensive income for the year remained broadly unchanged at €10.22 million.

In **FY2025**, revenues continued to grow but at a more moderate pace, rising by 9.70% to €144.30 million. Healthcare services expanded by 9.03% to €104.10 million, retaining their dominant position within the revenue structure of MHC at 72.14%. Revenue from the SVPR concession agreement increased by 11.29% to €26.40 million, representing 18.29% of total turnover, whilst catering services rose by 11.82% to €13.80 million, accounting for 9.56% of aggregate income.

Total comprehensive income for the year advanced by 21.68% to €12.43 million, with the dividend distributable to SD Holdings declared at €26.37 million.

7. OTHER ASSETS

7.1 THE MELIOR BOUTIQUE HOTEL

The Melior Boutique Hotel ("**Melior**") is located in Republic Street, Valletta, and commenced operations in January 2022. The property features 18 rooms and suites that blend modern comfort with elements of Maltese culture, reflected in the architecture, finishes, and commissioned artworks by local artists. Its prime location offers guests convenient access to many of Malta's key cultural sites and attractions.

After three years of operation, The Melior Boutique Hotel has established a strong market presence, with occupancy increasing to over 80% in FY2025.

7.2 XEMXIJA BAY HOTEL

In 1995, the Group acquired a one-third shareholding in Porto Azzurro Hotel – an 80-room three-star aparthotel which was later refurbished and expanded to 107 rooms and apartments.[6] In November 2024, db Porto Hotel Limited acquired the land and buildings (including the airspace) from Porto Azzurro Limited for a total consideration of €8.50 million. Subsequently, SD Holdings allocated €1

[6] The property was rebranded as Xemxija Bay Hotel in FY2025.

million towards a refurbishment programme spread over two years commencing in December 2024, further enhancing the hotel's product offering and guest experience.

Despite the shortened operational period of eight months in FY2025 due to the temporary closure of the hotel for refurbishment, the Xemxija Bay Hotel still registered a strong performance, with revenues exceeding €1.20 million and an occupancy rate of around 60%.

8. SEGMENT INFORMATION

SD Holdings has three principal reportable segments: (i) hospitality and ancillary services; (ii) F&B; and (iii) merchandise, retailing, and other revenue. In FY2027, the Group's revenue and EBITDA will also include the income from the db St George's Bay Project although the contribution from St George's Mall will be reported in a separate line item in the Statement of Comprehensive Income under 'Share of results of associates'.

SD Holdings Limited **Segment Information** **For the financial year 31 March**		**2023** **Actual** **€'000**	**2024** **Actual** **€'000**	**2025** **Actual** **€'000**	**2026** **Forecast** **€'000**	**2027** **Projection** **€'000**
Revenue:						
Hospitality and ancillary services		40,751	47,702	53,531	58,129	60,072
Food and beverage		25,377	35,551	38,687	47,485	55,344
Merchandise, retailing activities, and other revenue		4,671	5,472	6,984	3,169	5,111
*db St George's Bay Project:**	Hotel and F&B operations					54,703
	Sale of real estate					202,728
		70,799	**88,725**	**99,202**	**108,783**	**377,958**
EBITDA:						
Hospitality and leisure		16,757	22,286	24,885	24,977	25,084
Food and beverage		6,673	7,950	8,395	8,343	9,796
Merchandise, retailing, and other revenue		1,322	880	2,512	(1,107)	(540)
*db St George's Bay Project:**	Hotel and F&B operations					22,071
	Sale of real estate					124,498
		24,752	**31,116**	**35,792**	**32,213**	**180,909**
EBITDA margin:						
Hospitality and leisure (%)		41.12	46.72	46.49	42.97	41.76
Food and beverage (%)		26.30	22.36	21.70	17.57	17.70
Merchandise, retailing, and other revenue (%)		28.30	16.08	35.97	(34.93)	(10.57)
*db St George's Bay Project:**	Hotel and F&B operations					40.35
	Sale of real estate					61.41
		34.96	**35.07**	**36.08**	**29.61**	**47.86**

** Excluding the contribution from the St George's Mall.*

8.1 HOSPITALITY & ANCILLARY SERVICES

Revenues and EBITDA increased materially in **FY2023** to €40.75 million and €16.76 million respectively, reflecting the strong rebound in business following the COVID-19 pandemic. However, given the sharper increase in revenues than the uplift in EBITDA, the EBITDA margin dropped to 41.12% amid the negative impact of high inflation, the rise in payroll costs and other operational and administrative expenses supporting the Group's growth ambitions, as well as the significant reduction in grants received from Government in relation to the COVID-19 Wage Supplement Scheme. During the year, the Group invested in new digital technology enabling it to launch a comprehensive mobile application which revolutionised guest experiences and enhanced the hotels' services.

Revenues from the hospitality and ancillary services segment rose by 17.06% to €47.70 million in **FY2024**, underpinned by the complete recovery in business activity from the adverse effects of the COVID-19 pandemic. The improvement in business volumes also translated into a significant uplift in profitability, with EBITDA rising by 33% to €22.29 million. The EBITDA margin strengthened to 46.72% as the Group pursued a series of cost-mitigating initiatives aimed at curbing the pressures arising from elevated inflation. Furthermore, the overall occupancy rate across the Group's hotels improved to 89% compared to 85% in the prior financial year.

In **FY2025**, revenue increased by 12.22% to €53.53 million, reflecting further growth across the Group's core hotel operations supported by healthy occupancy levels, as well as the consolidation of the Xemxija Bay Hotel. The segment generated an EBITDA of €24.89 million, representing a year-on-year increase of 11.66%, with the EBITDA margin remaining broadly stable at 46.49%.

For **FY2026**, hospitality revenue is forecast to rise by 8.59% to €58.13 million as growth momentum continues across the Group's hotel portfolio. However, EBITDA is expected to remain broadly unchanged at €24.98 million, resulting in a contraction in the relative margin to 42.97%.

In **FY2027**, revenue from hospitality and ancillary services is projected to grow more modestly by 3.34% to €60.07 million when excluding the contribution from the Hard Rock Hotel St George's Bay. EBITDA is anticipated to increase marginally to €25.08 million, with the relative margin declining slightly to 41.76%.

8.2 FOOD & BEVERAGE

Revenues from the F&B division increased markedly in **FY2023** to €25.38 million. Despite, the upsurge in EBITDA to €6.67 million, the EBITDA margin trended lower year-on-year to 26.30% amid an increase in operational costs particularly wages, pre-opening costs in relation to new restaurants, as well as the lower amount of grants received from Government in relation to the COVID-19 Wage Supplement Scheme.

In **FY2024**, the F&B division achieved strong double-digit growth in both revenues and EBITDA, which increased to €35.55 million and €7.95 million respectively. This performance reflected the higher level of business generated by existing restaurants as well as the contribution from seven new outlets inaugurated during the year, including three additional Starbucks outlets which brought the total to 17. The EBITDA margin slipped by almost 4 percentage points to 22.36% due to the initial one-time costs associated with the opening of new restaurants.

Revenue from F&B amounted to €38.69 million in **FY2025**, representing a year-on-year increase of 8.82%. EBITDA rose by 5.60% to €8.40 million, although the relative margin declined to 21.70%. During the year, SD Holdings opened one additional Starbucks outlet, bringing the total number of Starbucks establishments to 18.

For **FY2026**, F&B revenue is projected to expand significantly by 22.74% to €47.49 million, largely reflecting organic growth from increased customer volumes and the initial contribution from Aki London. However, despite this sharp increase in revenue, EBITDA is forecast to remain broadly flat at €8.34 million, with the margin contracting further to 17.57%, primarily due to the impact of one-time costs associated with the commencement of operations at Aki London.

In **FY2027**, revenue from F&B is expected to reach €55.34 million, representing a year-on-year increase of 16.55%, driven by continued operational growth, the further expansion of the Group's F&B network including an additional Starbucks outlet bringing the total to 19, as well as the full-year contribution from Aki London. EBITDA is anticipated to rebound by 17.42% to €9.80 million, with the relative margin improving slightly to 17.70%.

8.3 OTHER INCOME

The Group's other source of revenue mainly derives from the retailing of merchandise in accordance with the respective franchise agreements that SD Holdings is part of. Overall, this income represents a small fraction of the Group's revenues and EBITDA compared to the two other principal segments, namely hospitality and ancillary services, and F&B.

Following the growth recorded annually between FY2023 and FY2025, revenue from merchandise, retailing activities, and other income is projected to contract sharply to €3.17 million in FY2026 before recovering to €5.11 million in FY2027. The Group also anticipates EBITDA losses in both FY2026 and FY2027 from these activities, reflecting the drag from the early-stage operations of new entities within the Group structure associated with the db St George's Bay Project. Furthermore, from FY2026 onwards, SD Holdings will discontinue the provision of consultancy services to associate companies that are now classified as discontinued operations.

9. TREND INFORMATION

9.1 MALTA

9.1.1 ECONOMIC UPDATE[7]

According to the Central Bank of Malta's August 2025 forecasts covering the period up to 2027, Malta's real GDP growth is set to moderate from 5.90% in 2024 to 3.90% in 2025. Growth is set to ease further in the following two years, reaching 3.30% in 2027. Over the projection horizon, domestic demand is expected to be the main driver of growth. The latter is expected to be led by private consumption, while investment should also continue to recover. Furthermore, net exports are projected to contribute positively to GDP growth, driven by trade in services.

Private consumption growth is set to moderate to 4.20% in 2025, partly reflecting slower growth in employment and a higher savings rate by households. Nevertheless, private consumption is set to remain relatively buoyant, as household disposable income will be supported by still favourable labour market conditions and the widening of the income tax bands. The latter adjustment will also contribute to some increase in the disposable income which is expected to raise the saving ratio in 2025, as higher income households with a lower average propensity to consume should save some of the tax relief. In subsequent years, the saving ratio is envisaged to decline marginally but remain relatively elevated at 12.7% by 2027.

Real government consumption is set to grow at a slower rate of 4.60% in 2025, after having grown by 7.3% in 2024. Strong growth in 2024 reflected one-off payments on allowances due to newly signed collective agreements in the education sector and related arrears. Going forward, the impact of these one-off expenditures is partly offset by that of a collective agreement for the civil service, which became effective in 2025. Meanwhile, other elements of consumption expenditure, notably intermediate consumption, are set to grow at a declining pace. Overall, government consumption growth is set to ease to 3.90% in 2026 before rising to 4.20% in 2027.

Overall investment is projected to grow by 3.10% in 2025 before picking up to 3.70% in 2026. Investment should remain broadly unchanged in 2027, when government investment is projected to decline strongly. Private investment began to recover in 2024 and is expected to grow by 2.10% in 2025 and 3% and 3.20% in 2026 and 2027 respectively. Following strong growth in residential construction in 2024, expansion in such activity is expected to stand close to 1% in 2025 but be more muted until 2027 as investment outlays remain high from a historical perspective. Similarly, growth in non-dwelling private investment is expected to remain relatively contained during the projection horizon in view of the expected slowdown in economic activity. Government investment is forecast to increase in 2025 and 2026, mostly due to a pick-up in EU-funded investment related to the Recovery and Resilience Facility ("**RRF**"). Investment is then forecast to decline in 2027, as projects financed by the RRF are completed.

[7] **Source:** Central Bank of Malta ("**CBM**"), '*Outlook for the Maltese Economy 2025-2027*', 19 August 2025, available at: https://www.centralbankmalta.org/site/Publications/Outlook/2025/Outlook-2025-3.pdf.

Export growth is set to moderate from 4.90% in 2024 to 4% in 2025 and edge down further to 3.5% by 2027. Growth in services exports is expected to ease following an extended period of robust growth, while staying close to 4%. At the same time, goods exports are set to grow at a slower rate of 1.30% in 2025, after a 5% increase in 2024, partly reflecting the effect of US tariffs and expected developments in Malta's trading partners. Growth is then expected to increase slightly to 1.90% and 2.30% in 2026 and 2027 respectively. Similarly, growth in imports is expected to moderate, easing from 4.50% in 2024 to 4.10% in 2025, before decelerating to 3.70% and 3.10% in 2026 and 2027 respectively.

The current account in the balance of payments is expected to remain relatively stable at 5.70% in 2025 and 2026. In 2027, the ratio is expected to increase slightly to 6.30%, mainly driven by an improved trade balance resulting from a decline in imports due to lower government investment.

Key Economic Indicators	**2023 Actual**	**2024 Actual**	**2025 Forecast**	**2026 Projection**	**2027 Projection**
Real GDP growth *(% change, year-on-year)*	7.50	5.90	3.90	3.50	3.30
Inflation* *(% change, year-on-year)*	5.60	2.40	2.30	2.10	2.00
Unemployment *(% of labour force)*	3.50	3.10	2.80	2.70	2.70
General Government budget balance *(% of GDP)*	(4.50)	(3.70)	(3.40)	(3.00)	(2.60)
Gross public debt *(% of GDP)*	47.40	47.40	48.30	48.70	48.60
Current account balance *(% of GDP)*	6.40	5.70	5.70	5.70	6.30

** Based on the Harmonised Index of Consumer Prices*

Potential output growth is expected to moderate throughout the projection horizon as it is set to slow from 5.50% in 2024 to 4.30% in 2025, and further to 4% and 3.50% in 2026 and 2027 respectively. This reflects declines in the contributions of all components of potential output. The capital contribution is expected to moderate due to the slower investment growth during the projection horizon, while that from labour is envisaged to decline due to expected lower net migration flows and slower increases in participation as this has reached very high levels.

The labour market remains strong and demand for labour is envisaged to stay high. However, the increase in employment is expected to moderate over the projection horizon, driven by the projected easing in economic growth and an assumed recovery in productivity. Inflows of foreign workers are also expected to slow down due to policies aimed at limiting inward migration flows such as skills card requirements, the regulation of temping agencies, and the moratorium on food couriers and cab drivers. Also, in the beginning of 2025 the Government launched the Malta Labour Migration Policy with several proposed measures to regulate the entry of third country nationals coming into force from August 2025. As a result, employment growth is expected to moderate gradually from 5.30% in 2024 to 3% in 2025 before easing further to 2.40% and 2.30% by 2026 and 2027 respectively.

The unemployment rate is forecast to edge down to 2.80% in 2025 and 2.70% in 2026 and 2027. As such, the labour market is envisaged to remain tight, as the non-accelerating inflation rate of unemployment is projected at around 3.20%, so that the unemployment gap is forecast to be slightly negative in 2026 and 2027.[8] A persistently negative unemployment gap implies that labour market tightness will be a key factor driving the wage outlook. However, as inflation continues to moderate, together with a growing need for a small open economy as Malta to increase competitiveness, especially in the face of rising barriers to international trade, this should dampen upward pressure on wages. In this regard, wage growth is expected to moderate to 4.40% in 2025 from 6.30% in 2024 and is set to edge further down to 3.70% and 3.50% in 2026 and 2027 respectively.

Annual inflation rose in the first half of 2025, reaching 2.50% in June from 1.80% in December 2024. Going forward, inflation is projected to stand at 2.30% in 2025, reflecting mainly an envisaged decline in food and services inflation. Inflation is expected to ease further to 2.10% in 2026 and 2% in 2027, driven primarily by lower services inflation. Meanwhile, inflation excluding energy and food is projected to stand at 2.30% in 2025 and 1.90% in 2026 and 2027, mainly driven by an expected moderation in services inflation.

The general government deficit-to-GDP ratio is set to decline gradually over the forecast period. It is expected to narrow from 3.70% in 2024 to 3.40% in 2025 and to 3% and 2.60% in 2026 and 2027 respectively. This improvement in public finances is driven by a declining share of expenditure in GDP, which is primarily due to the profile of inflation-mitigation measures and capital expenditure. The share of current revenue in GDP is set to remain broadly stable between 2025 and 2027, but to be lower than the ratio in 2024. This is due to a one-off increase in corporate tax inflows in 2024, and the widening of income tax brackets from 2025, which will dampen the growth in household direct taxes. As a result, the ratio of current taxes on income and wealth to GDP is set to decline in 2025, and to remain broadly unchanged in 2026 and 2027. Other forms of current revenue are set to grow mostly in line with GDP, except for social contributions, whose share in GDP is forecast to decline over time. Capital revenue as a share of GDP is projected to peak in 2026, before declining in 2027, reflecting the profile of EU-funded investment.

The share of current expenditure in GDP is forecast to decline from 2025 onwards, mainly due to the profile of subsidies. This reflects lower anticipated spending on inflation-mitigation measures, in line with the assumed profile for international energy prices. Outlays on intermediate consumption are set to increase at a rate exceeding GDP growth in 2025, but their share in GDP is set to stabilise in 2026 and 2027. Compensation of employees is set to retain an unchanged ratio to GDP in 2025, after having grown strongly in 2024, mainly as a new collective agreement for the civil service counterbalances the negative base effect from one-off payments incurred in 2024 in terms of other collective agreements. The share of interest payments in GDP is set to incrementally rise each year throughout the projection period. This reflects the gradual pass-through of past interest rate increases and higher refinancing needs. Meanwhile, the share of social benefits in GDP is set to decline, in part reflecting the impact of an increase in the statutory retirement age in 2026 and the strong labour market conditions.

The share of capital expenditure in GDP is projected to decline in 2025, following exceptional outlays such as those related to the restructuring of the national airline in 2024. It is then set to remain

[8] The non-accelerating inflation rate of unemployment is the lowest level of unemployment that can be maintained in an economy without triggering accelerating inflation.

unchanged in 2026, and to fall again in 2027. This reflects different profiles for the main components of capital expenditure, i.e. gross fixed capital formation ("**GFCF**") and capital transfers. GFCF is forecast to grow by more than nominal GDP in 2025 and in 2026, driven by the profile of EU-funded investment. This includes projects financed by grants from the RRF programme, which are set to be utilised by 2026. Consequently, EU-funded outlays are set to decline in 2027. The share of domestically-funded investment to GDP is set to decline over the forecast period. Meanwhile, capital transfers are set to decline in both level terms and as a share of GDP.

The structural budget deficit is projected to narrow substantially over the projection horizon, reaching 2.70% of GDP by 2027 from 4.30% in 2024.[9] This partly reflects the declining profile of inflation mitigation measures, which are not treated as temporary outlays, and thus affect the structural position. The declining structural deficit reflects slower growth in net nationally financed primary expenditure. The general government debt ratio is projected to peak at 48.70% in 2026 before easing slightly in 2027, driven by narrowing primary deficits and a favourable interest-growth differential.

9.1.2 TOURISM & HOSPITALITY[10]

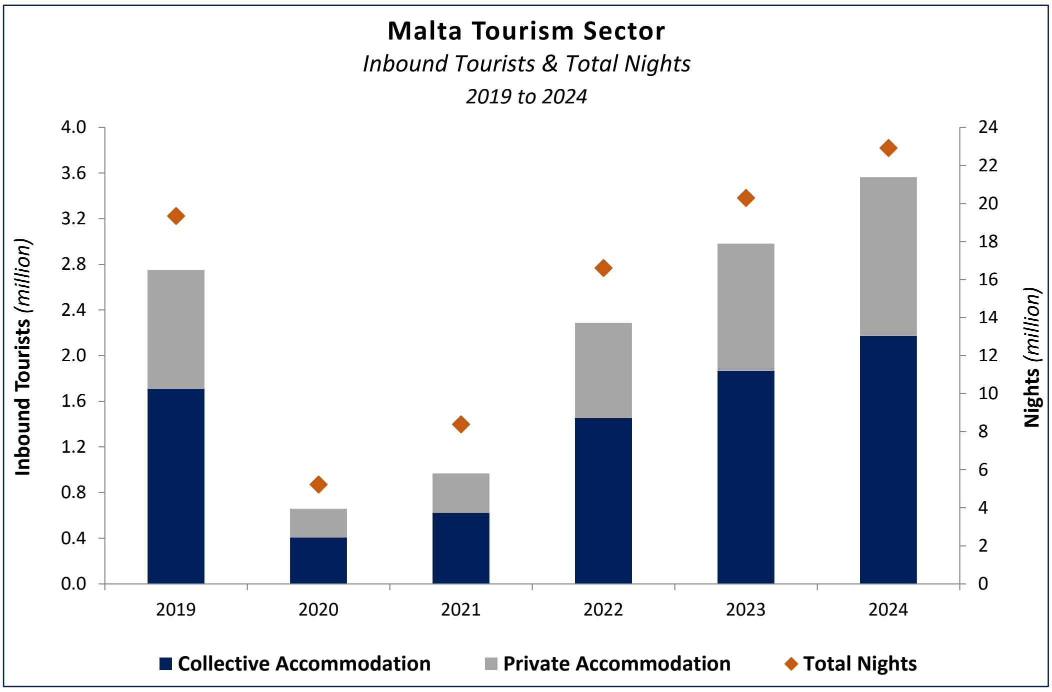
The Maltese tourism sector continued its strong recovery in 2024, recording a total of 3,563,618 inbound tourists. This represents a significant increase of 19.53% compared to 2023, when arrivals stood at 2,981,476, and a remarkable 29.43% rise over 2019, the last pre-pandemic benchmark year, which saw 2,753,240 visitors.

The total number of nights spent by tourists did not increase at the same pace as the growth in inbound tourist arrivals. In 2024, tourists spent a total of 22,916,616 nights in Malta, representing an increase of 12.95% over the 20,289,051 nights recorded in 2023, and a rise of 18.50% when compared to 19,338,860 nights in 2019. As a result, the average length of stay per tourist continued to decline, falling to 6.43 nights in 2024 from 6.81 nights in 2023 and 7.02 nights in 2019. In fact, the proportion of tourists staying for one to three nights increased slightly to 23.76% in 2024, up from 23.28% in 2023 and 21.82% in 2019. Similarly, stays of four to six nights rose to 37.46% in 2024 compared to 35.11% in 2023 and 29.83% in 2019. In contrast, the share of visitors staying for seven nights or more declined to 38.78% in 2024, down from 41.61% in 2023 and 48.35% in 2019. These shifts point to a growing trend towards shorter, yet more frequent, trips – broadly in line with evolving global travel patterns.

Total tourist expenditure in 2024 reached €3.29 billion, marking a substantial 23.05% increase from the €2.67 billion recorded in 2023 and representing a 48.22% rise from €2.22 billion in 2019. Expenditure per tourist also increased to €924 in 2024, compared to €897 in 2023 and €807 in 2019. Furthermore, expenditure per night rose to €144, compared to €132 in 2023 and €115 in 2019, indicating that although tourists are spending fewer nights in Malta, their overall spend per night increased, possibly due to rising travel costs, inflation, or a shift towards higher-value experiences.

[9] The structural balance is defined as the cyclically-adjusted balance, net of temporary government measures.
[10] **Source:** National Statistics Office ("**NSO**") – (i) '*Inbound Tourism Statistics*', 30 July 2025, available at: https://nso.gov.mt/wp-content/uploads/Inbound-Tourism-Selected-Indicators.xlsx; and (ii) '*Inbound Tourism: June 2025*', 30 July 2025, available at: https://nso.gov.mt/tourism/inbound-tourism-june-2025/https://nso.gov.mt/tourism/.

Accommodation preferences showed minor shifts in 2024. The percentage of tourists opting for collective accommodation[11] decreased slightly to 61.01% from 62.65% in 2023 and 62.11% in 2019. Accordingly, private accommodation[12] usage increased to 38.99%, up from 37.35% in 2023 and 37.89% in 2019. However, when considering the share of total nights spent, collective accommodation accounted for 52.58% of all stays, representing a marginal increase from 52.17% in 2023 and 52.06% in 2019, whilst the remaining share, ranging between 47% and 48%, was spent in private accommodation.

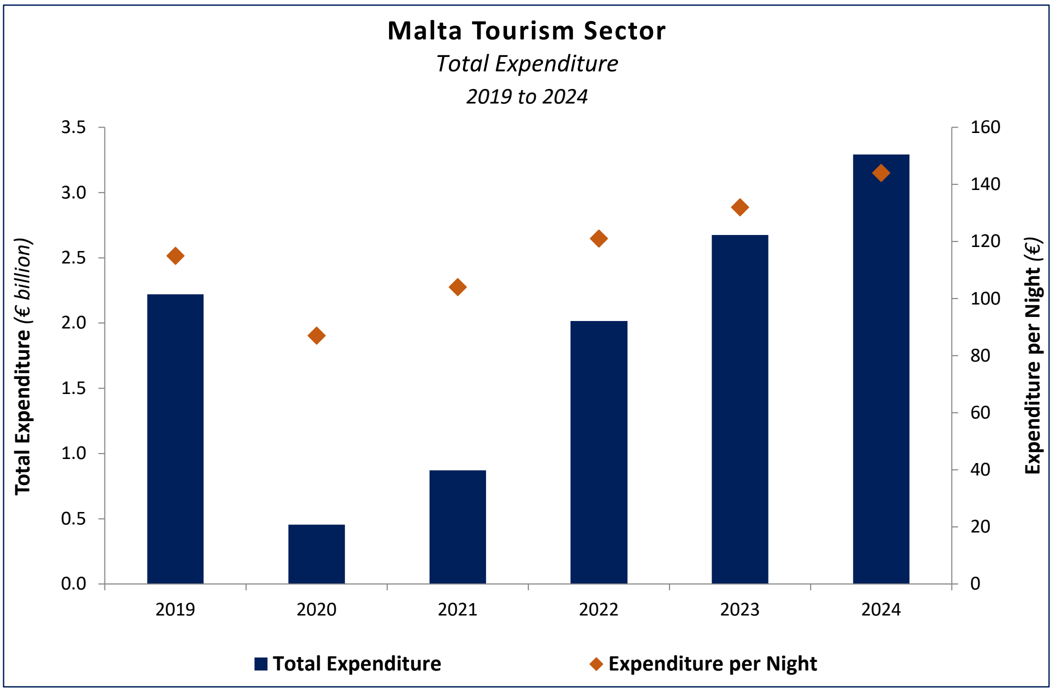


Demographic trends in 2024 reveal a continued shift towards a younger tourist base. The proportion of visitors aged up to 24 years increased to 24.18%, up from 22.12% in 2023 and 19.78% in 2019. Meanwhile, the percentage of tourists aged between 25 years and 44 years declined to 36.60% compared to 38.98% in 2023 and 40.02% in 2019. Similarly, the share of visitors aged between 45 years and 64 years saw a slight decline to 29.54% from 29.80% in 2023 and 30.03% in 2019. The proportion of tourists aged 65 years and over increased slightly to 9.68% in 2024, up from 9.10% in 2023 but still lower than the 10.17% recorded in 2019. These trends suggest that Malta is attracting a growing proportion of younger travellers, potentially influenced by an increase in budget airline connectivity, digital nomad incentives, or events targeting younger demographics.

In terms of arrivals by country of origin, the share of tourists from the European Union declined slightly to 67.19% in 2024 from 67.83% in 2023. Within this group, the proportion from the euro area decreased to 52.49% from 54.69% in 2023. Meanwhile, the share of tourists coming from non-EU countries rose to 32.81% in 2024 from 32.17% in 2023.

[11] Comprising hotels, guesthouses, hostels, tourist villages, holiday complexes, bed and breakfast, and campsites.
[12] Comprising other rented accommodation (such as holiday furnished premises, host families, marinas, paid-convents, rented yachts, and student dormitories) and non-rented accommodation (mainly private residences).

Holiday tourism remained the dominant reason for travel, increasing further in 2024, with 92.34% of visitors citing leisure as their primary purpose compared to 90.91% in 2023 and 88.92% in 2019. In contrast, the proportion of tourists visiting Malta for business and professional purposes declined to 4.84% in 2024, down from 5.26% in 2023 and 6.87% in 2019. These figures reinforce the idea that Malta's tourism recovery has been primarily leisure-driven, with the business travel segment lagging somewhat behind.



Patterns in travel organisation showed a continued decline in package holidays, with 24.91% of tourists opting for pre-arranged packages in 2024 compared to 25.21% in 2023 and 29.71% in 2019. This indicates an ongoing shift towards independent travel, likely facilitated by the ease of online bookings and an increasing preference for personalised experiences. Another notable trend has been the continued rise in first-time visitors who accounted for 79.08% of arrivals in 2024, up from 77.44% in 2023 and 74.68% in 2019. Conversely, repeat visitors declined to 20.92% in 2024, compared to 22.56% in 2023 and 25.32% in 2019. While this suggests that Malta is attracting new audiences, the decreasing share of repeat visitors may indicate a need for strategies to enhance visitor retention and encourage return visits.

JANUARY TO JUNE 2025

In the first six months of 2025, inbound tourists totalled 1.81 million, representing an increase of 13.51% over the same period in 2024, when total arrivals stood at 1.59 million. Collectively, these tourists spent 10.67 million nights, up by 13.22% from 9.42 million nights in the corresponding period of 2024. This resulted in an average length of stay of 5.91 nights, broadly unchanged from 5.92 nights in the first half of 2024. The proportion of tourists staying for one to three nights eased to 26.94% in H1 2025 from 28.77% in the first half of 2024. Stays of four to six nights rose to 40.52% in H1 2025 compared to 38.95% in the corresponding period in 2024. In contrast, the share of visitors staying for seven nights or more stayed broadly unchanged at 32.53%.

During the first half of 2025, total expenditure by inbound tourists amounted to €1.56 billion which was 21.14% higher than the total of €1.29 billion spent between January and June 2024. Accordingly, the expenditure per tourist increased to €866 compared to €812 in the first half of 2024. Similarly, the expenditure per night also increased markedly year-on-year to €147 compared to €137 in the same period in 2024.

The percentage of tourists opting for collective accommodation moved slightly lower to 63.54% in H1 2025 from 63.81% in the first half of 2024. Accordingly, private accommodation usage increased to 36.46%, up from 36.19% in H1 2024. However, when considering the share of total nights spent, collective accommodation accounted for 56.32% of all stays, representing a marginal increase from 55.43% in H1 2024, whilst the remaining share of around 44% was spent in private accommodation.

In terms of the demographic profile of inbound tourists between January and June 2025, 0.35 million (or 19.15%) were below 25 years, 0.66 million (or 36.63%) were aged between 25 years and 44 years, 0.58 million (or 32.30%) were aged between 45 years and 64 years, whilst the remaining portion amounting to 0.22 million (or 11.92%) were over 64 years.

Almost 2 million inbound tourists (or 66.42% of arrivals) came from EU countries, of which 48.73% (or 0.88 million) represented markets within the euro area. Moreover, the bulk of inbound tourists visiting Malta in the half of 2025 were for leisure purposes (1.67 million – or 92.59%). The large majority (1.43 million – or 79.37%) where first-time tourists whilst the tourists who opted for a non-packaged type of stay (1.33 million – or 73.48%) also represented the lion's share of inbound tourists.

9.1.3 PROPERTY MARKET[13]

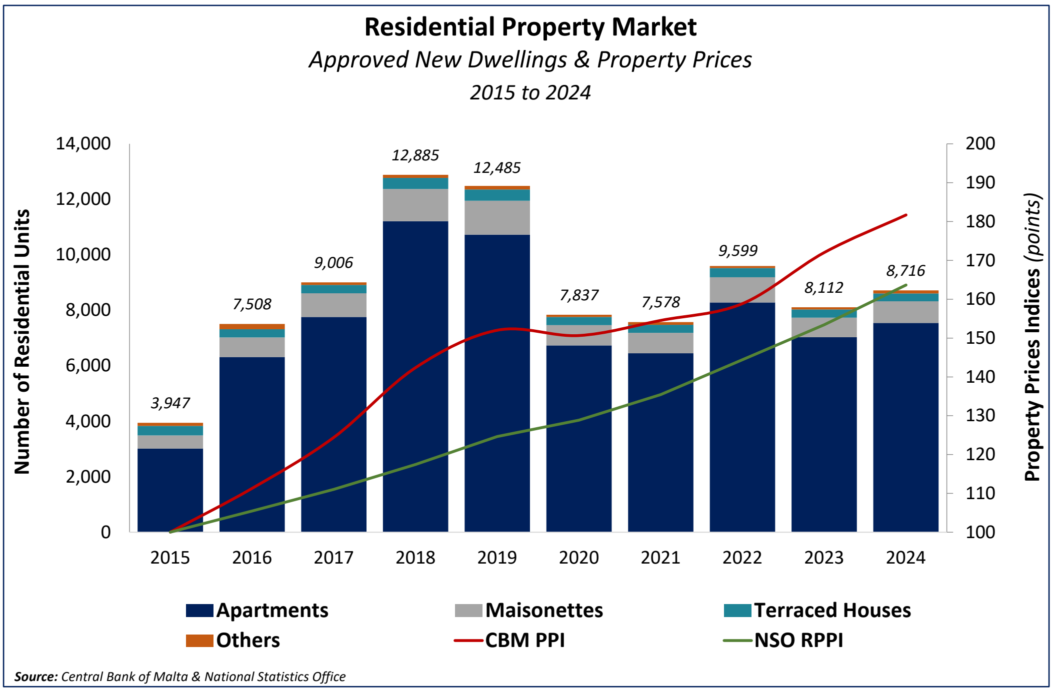
Data provided by the NSO shows that in 2024, 1,649 permits were granted for the construction of 8,716 new dwellings, representing a year-on-year increase of 7.42%. Most of the approved new dwellings comprised apartments, which totalled 6,177 units (2023: 5,755 units), representing 70.87% of the total number of approved residential units in 2024. The remaining approved new units were penthouses, which totalled 1,366 units (2023: 1,271 units), maisonettes – 783 units (2023: 714 units), terraced houses – 283 units (2023: 292 units), and other types of dwellings including villas, bungalows, town houses, houses of character, and farmhouses, which totalled 107 units (2023: 82 units). By region, the largest number of approved new dwellings was in the Northern Harbour district with 2,529 units (2023: 2,211 units), followed by the Northern district with 1,631 units (2023: 1,851 units) and the South Eastern district with 1,177 units (2023: 1,143 units). The Southern Harbour and Western districts

[13] **Sources:** (i) CBM – '*Property Prices Index based on Advertised Prices*', 28 August 2025, available at: https://www.centralbankmalta.org/site/Subscriber%20Categories/Real%20Economy%20Indicators/house_prices.xlsx?rnd=20250904145252&revcount=7656&revcount=2717; and (ii) NSO – (a) '*Residential Property Transactions*', 12 August 2025, available at: https://nso.gov.mt/wp-content/uploads/Residential_Property-Transactions.xlsx; (b) '*Residential Permits and Dwellings*', 3 September 2025, available at: https://nso.gov.mt/wp-content/uploads/Residential_Permits_and_Dwellings.xlsx; and (c) '*Residential Property Price Index*', 4 July 2025, available at: https://nso.gov.mt/wp-content/uploads/Residential-Property-Price-Index.xlsx.

accounted for 1,120 units (2023: 877 units) and 834 units (2023: 791 units) respectively, whilst Gozo and Comino registered 1,425 units (2023: 1,241 units).

In H1 2025, 1,023 permits were granted for the construction of 5,170 new dwellings, representing a year-on-year increase of 9.70% in the supply of residential units. Apartments remained the predominant residential type, accounting for 3,688 units, representing a 9.66% increase from 3,363 units in H1 2024. Terraced houses experienced a similar growth, increasing by 9.09% to 156 units from 143 units in the prior year's comparable period. Maisonettes and other type of dwellings surged by around 50% to 632 units (H1 2024: 423 units) and 72 units (H1 2024: 48 units) respectively, whilst the number of approved penthouses declined by 15.49% to 622 units (H1 2024: 736 units).

By region, the largest number of approved new dwellings in H1 2025 was in the Western district with 648 units (H1 2024: 427 units), followed by the South Eastern district with 741 units (H1 2024: 572 units) and the Southern Harbour district with 774 units (H1 2024: 626 units). All other districts registered marginal year-on-year declines.

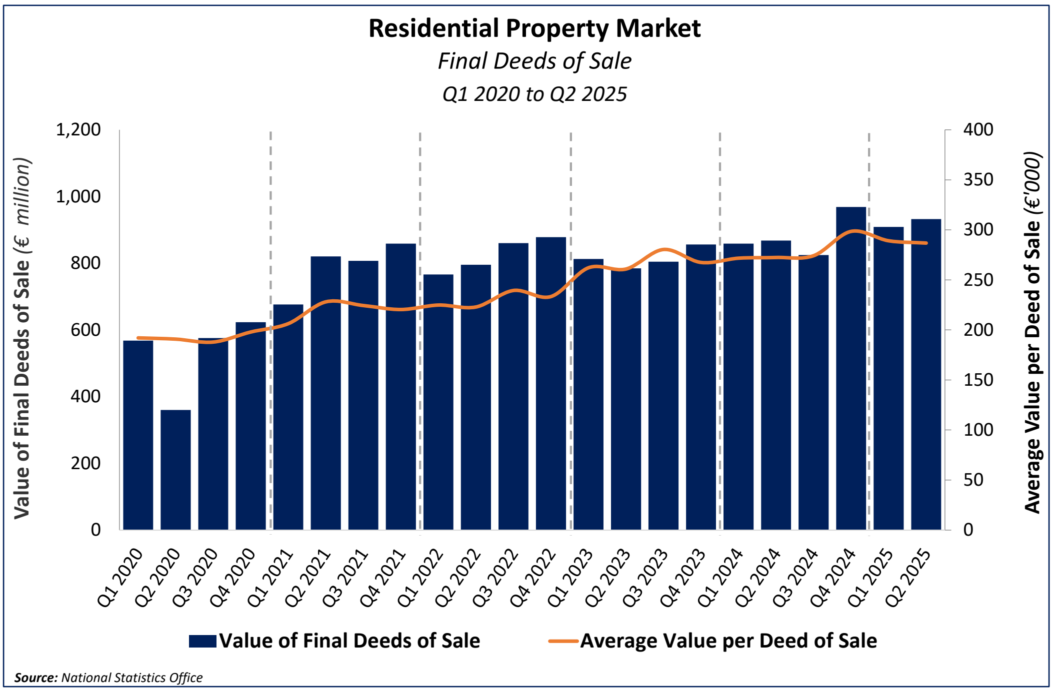


In nominal terms, the CBM Property Prices Index ("**PPI**") – which is based on the advertised sale prices of apartments, maisonettes, terraced houses, and other types of dwellings – increased by 5.62% in 2024 to 181.68 points. The sharpest year-on-year percentage increase took place in the prices of 'other property', comprising townhouses, houses of character, and villas, which advanced by 9.45%. The advertised prices of terraced houses and apartments increased by over 8%, whilst maisonettes saw their advertised prices increase by 7.49%.

In H1 2025, the CBM PPI rose further to 189.40 points, representing a year-on-year increase of 5.24%. Price momentum remained positive across all categories of dwellings. Other types of property registered the sharpest percentage growth, increasing by 6.81% year-on-year. Terraced houses and maisonettes followed, with annual increases of 3.62% and 2.53% respectively, whilst apartments recorded marginal year-on-year growth of 1.29%.

The NSO Residential Property Price Index ("**RPPI**") – which is based on actual transactions involving apartments, maisonettes and terraced houses – registered an increase of 6.67% to 163.65 points in 2024. In aggregate, the prices of apartments and maisonettes, which represent the lion's share of the market, rose by 6.46%, with apartment prices increasing by 6.50% whilst maisonette prices recorded a year-on-year increase of 6.33%.

In Q1 2025, the NSO RPPI rose further to 169.09 points, representing a year-on-year increase of 5.69%. In aggregate, the prices of apartments and maisonettes rose by 5.48%, with apartment prices increasing by 5.31% whilst maisonette prices recorded a year-on-year increase of 6.21%.



Source: *National Statistics Office*

Meanwhile, in terms of transactions, throughout 2024 a total of 12,598 final deeds of sale relating to residential property were registered compared to 12,180 deeds in 2023 and 14,331 deeds in 2022. The total value of final deeds of sale increased by 8.02% in 2024 to a new record of €3.52 billion compared to €3.26 billion in 2023 and €3.30 billion in 2022. Furthermore, the average value per deed of sale increased to €279,362 compared to €267,504 in 2023 and €230,242 million in 2022.

During H1 2025, 6,394 final deeds of sale were registered, slightly higher than the 6,348 deeds recorded in the corresponding period in 2024. The total value of final deeds of sale rose to €1.84 billion compared to €1.73 billion in H1 2024, marking an increase of 6.61% on a year-on-year basis. This led to a 5.84% increase in the average value per deed, which climbed to €287,926 in H1 2025 from €272,038 a year earlier, reflecting continued resilience in transaction values despite a relatively stable volume of concluded deals.

9.2 UAE ECONOMIC UPDATE[14]

The UAE economy grew by 4% in 2024. This growth was primarily driven by a 5% expansion of non-hydrocarbon activities and a 1% rebound in the hydrocarbon sector. For 2025, the CBUAE lowered its growth forecast by 30 basis points to 4.40% reflecting the effects of slower global economic activity, increased uncertainty, and falling oil prices. Despite this revision, the projected growth for 2025 remains higher than that observed in 2024. For 2026, the growth projection has also been revised downward by 30 basis points to 5.40%, largely due to weaker external demand and subdued oil prices.

The non-hydrocarbon GDP is expected to grow by 4.50% in 2025, and the growth rate is projected to remain steady in 2026. This sustained growth is primarily driven by the government's strategic plans and policies aimed at attracting foreign investment, fostering innovation and promoting key non-hydrocarbon sectors such as industrial manufacturing, tourism, transport, and the digital economy, which align with key national initiatives within the 'We the UAE 2031' vision.[15]

Real GDP Growth in the UAE	**2022 Actual**	**2023 Actual**	**2024 Actual**	**2025 Forecast**	**2026 Projection**
Overal GDP *(%, year-on-year)*	7.50	4.30	4.00	4.40	5.40
Non-Hydrocarbon GDP *(%, year-on-year)*	7.00	7.00	5.00	4.50	4.50
Hydrocarbon GDP (%)	8.90	(3.00)	1.00	4.10	8.10

Source: CBUAE, *'Quarterly Economic Review – June 2025'*, 25 June 2025.

When it comes to hydrocarbon GDP, during the first four months of 2025, oil production averaged 2.9 million barrels per day, representing a 0.40% decline compared to the same period in 2024. However, oil production is expected to recover in line with OPEC+ production quotas. Gas production in the first quarter of 2025 rose by 2% year-on-year. Based on the OPEC+ production plans, as well as ongoing and planned upstream and midstream activities in the oil and gas sector, the UAE hydrocarbon sector is expected to grow by 4.10% in 2025, followed by a further expansion of 8.10% in 2026.

The CBUAE revised down its inflation forecast for 2025 by 10 basis points to 1.90%, driven by moderating energy prices, partially offset by non-tradeable components of the consumer basket. In addition, easing prices of key non-energy commodities are expected to contribute to a contained inflation rate. In 2026, inflation is expected to remain unchanged at 1.90%, reflecting a 20 basis points downward revision from the previous forecast.

[14] **Source:** Central Bank of the United Arab Emirates ("**CBUAE**"), '*Quarterly Economic Review – June 2025*', 25 June 2025, available at: https://www.centralbank.ae/media/yrilyfz2/qer-june-2025_en.pdf

[15] 'We the UAE 2031' vision represents a ten-year national plan through which the UAE aims at continuing its development path with a particular focus on specific social, economic, investment, and development targets. The plan seeks to enhance the position of the UAE as a global partner and an attractive and influential economic hub. It also aims to highlight the successful economic model of the UAE, and the opportunities that the country provides to all global partners. Further information about 'We the UAE 2031' is available at: https://wetheuae.ae/en

The UAE continues to demonstrate a strong and sustainable fiscal position, supported by low levels of government debt and consistently robust fiscal surpluses. In 2024, the fiscal surplus stood at AED 109.60 billion (or 5.50% of GDP), a slight decline from the AED 111.7 billion surplus (or 5.90% of GDP) recorded in 2023. Total general government revenue increased by 1.20% in 2024, reaching AED 553.4 billion, equivalent to 27.80% of GDP. This growth was primarily driven by a substantial 15.50% increase in tax revenues, which offset a 20.30% decline in other revenue categories. Tax revenue has become an increasingly significant component of government income, rising from 53.20% of total revenue in 2022 to 58% in 2023, and further to 66.20% in 2024.

Government expenditure rose by 2% to AED 443.8 billion in 2024, accounting for 22.30% of GDP, compared to AED 435 billion (or 23% of GDP) in 2023. This increase was driven by higher spending on employee compensation, consumption of goods and services, and social benefits. These increases were partially mitigated by a 50.50% reduction in other expenses. Additionally, capital expenditure by the general government grew by 7.10% to AED 34.9 billion in 2024, reflecting the country's continued commitment to large-scale infrastructure development and the enhancement of its economic and investment environment.

Over the medium term, the outlook for the UAE's fiscal sector remains favourable. The fiscal breakeven oil price – the oil price that is necessary to balance the budget – is projected to stay relatively low, while hydrocarbon exports are expected to increase gradually in the coming years.

UAE residential real estate sales market maintained strong momentum in Q1 2025, with transactions in Abu Dhabi and Dubai increasing by 12.60% year-on-year. Off-plan sales transactions demonstrated 17% year-on-year growth, reflecting sustained investor interest, while ready units saw 5.20% year-on-year growth. Sales of villas increased by 27.70% year-on-year, and the number of sold apartments rose by 10.30% year-on-year.

The median sales price for apartments and villas in Abu Dhabi in the first quarter of 2025 decreased by 6.50% and 12.10% year-on-year respectively. This decline was primarily due to a shift in transaction activity towards mid- and lower-tier locations in Q1 2025, compared to a higher concentration of prime location sales in the same period in 2024. Median villa sales prices in Dubai rose by 17.20% year-on-year, while apartment prices posted a more moderate gain of 4.10% year-on-year.

Rental transactions in Abu Dhabi and Dubai in Q1 2025 declined by 5.60% year-on-year. The number of renewed rents fell by 2% year-on-year, while newly registered rents experienced a sharper decline of 11.60% year-on-year. The volume of leased apartments in Q1 2025 declined by 5.50% year-on-year, and the number of villa rents fell by 6%.

Despite the slowdown in transaction volumes, the median apartment rental price in Abu Dhabi in Q1 2025 increased by 2.70% year-on-year, while villa rents remained relatively stable, rising by 1.30% year-on-year. Rental prices in Dubai remained on an upward trend: median apartment rents increased by 11.70% year-on-year, while villa rents saw a more pronounced rise of 15.60% year-on-year.

Dubai's tourism sector maintained strong momentum in Q1 2025, attracting 7.15 million overnight visitors, representing an increase of 7% compared to the same period in 2024. This reinforces the city's position as a premier global destination. The hospitality sector also demonstrated resilience, with hotel occupancy reaching a healthy 83% in April 2025, an increase compared to 81% in the same period in 2024. Revenue per available room held steady, reflecting sustained demand across key tourism segments. These results highlight the continued success of Dubai's efforts to enhance visitor experiences and global connectivity, supporting broader non-oil economic growth and reinforcing confidence in the emirate's long-term tourism strategy.

Etihad Airways, the national airline of the UAE, reported significant growth, transporting 6.7 million passengers in the first four months of 2025, representing a 17.10% increase compared to the same period in 2024. This growth was attributed to the expansion of capacity and a larger operating fleet. As of April 2025, the airline served 99 destinations with a fleet of 72 aircraft, up from 89 destinations and 68 aircraft during the same period in 2024.

Dubai International Airport ("**DXB**") welcomed 23.40 million passengers through its terminals in Q1 2025, sustaining its strong growth trajectory and reaffirming its standing as one of the world's busiest international airports. This increase highlights both the rising global appeal of Dubai as a destination and DXB's strategic importance as a key travel hub.

Despite setting records in Q1 2025, traffic rose by 1.50% year-on-year. Notably, January 2025 marked a historic milestone, with DXB handling 8.5 million travellers – the highest monthly figure ever recorded at the airport. The UAE's aviation and tourism sectors remain vital drivers of the nation's economic diversification agenda. Their continued growth reflects the success of targeted strategies aimed at strengthening global connectivity, expanding the hospitality sector, and elevating the country's profile as a premier destination for both leisure and business travel.

PART 2 – FINANCIAL REVIEW

10. FINANCIAL ANALYSIS – THE ISSUER

The historical information is extracted from the audited annual financial statements of SD Finance for the years ended 31 March 2023, 31 March 2024, and 31 March 2025.

The forecasts and projections have been provided by the Group and are based on future events and assumptions which SD Holdings believes to be reasonable. Included therein is a proposed bond issuance programme of €60,000,000 which is still subject to regulatory approval.

Accordingly, actual outcomes may be adversely affected by unforeseen circumstances, and the variation between forecasts and projections compared with actual results could be material.

SD Finance plc Statement of Comprehensive Income For the financial year 31 March	**2023 Actual €'000**	**2024 Actual €'000**	**2025 Actual €'000**	**2026 Forecast €'000**	**2027 Projection €'000**
Finance income	3,057	3,059	3,069	4,342	5,259
Finance costs	(2,921)	(2,925)	(2,929)	(3,596)	(5,109)
Administrative expenses	(128)	(126)	(134)	(750)	(145)
Profit / (loss) before tax	**8**	**8**	**6**	**(4)**	**5**
Taxation	(3)	(3)	(2)	2	(2)
Profit / (loss) for the year	**5**	**5**	**4**	**(2)**	**3**
Total comprehensive income / (expense)	**5**	**5**	**4**	**(2)**	**3**

SD Finance plc Statement of Cash Flows For the financial year 31 March	**2023 Actual €'000**	**2024 Actual €'000**	**2025 Actual €'000**	**2026 Forecast €'000**	**2027 Projection €'000**
Net cash from operating activities	54	77	241	871	288
Net cash used in investing activities	-	-	-	(33,000)	(27,000)
Net cash from financing activities	-	-	-	33,000	27,000
Net movement in cash and cash equivalents	**54**	**77**	**241**	**871**	**288**
Cash and cash equivalents at beginning of year	3,018	3,072	3,149	3,390	4,261
Cash and cash equivalents at end of year	**3,072**	**3,149**	**3,390**	**4,261**	**4,549**

SD Finance plc Statement of Financial Position As at 31 March	2023 Actual €'000	2024 Actual €'000	2025 Actual €'000	2026 Forecast €'000	2027 Projection €'000
ASSETS					
Non-current assets					
Loans receivable	64,333	64,333	64,333	97,333	60,000
	64,333	64,333	64,333	97,333	60,000
Current assets					
Loans receivable	-	-	-	-	64,333
Trade and other receivables	175	204	67	120	120
Cash and cash equivalents	3,072	3,149	3,390	4,261	4,549
	3,247	3,353	3,457	4,381	69,002
Total assets	**67,580**	**67,686**	**67,790**	**101,714**	**129,002**
EQUITY					
Capital and reserves					
Called up share capital	250	250	250	250	250
Retained earnings	40	45	49	46	49
	290	**295**	**299**	**296**	**299**
LIABILITIES					
Non-current liabilities					
Debt securities	64,585	64,780	64,890	97,992	60,000
	64,585	64,780	64,890	97,992	60,000
Current liabilities					
Debt securities	-	-	-	-	65,000
Trade and other payables	2,705	2,611	2,601	3,426	3,703
	2,705	2,611	2,601	3,426	68,703
Total liabilities	**67,290**	**67,391**	**67,491**	**101,418**	**128,703**
Total equity and liabilities	**67,580**	**67,686**	**67,790**	**101,714**	**129,002**

STATEMENT OF COMPREHENSIVE INCOME

In **FY2025**, the Issuer generated finance income of €3.07 million, against which it incurred finance costs of €2.93 million – in line with the two prior years. Administrative expenses amounted to €0.13 million. Following a marginal tax charge, SD Finance reported a profit after tax of less than €0.01 million.

In **FY2026**, finance income is expected to increase to €4.34 million, reflecting higher interest inflows from amounts advanced to the Group. Finance costs are forecast to rise to €3.60 million, due to the issuance of new debt securities (the "**2025 Bonds**"). Administrative expenses are projected at €0.75 million, resulting in a marginal loss for the year.

In **FY2027**, finance income is projected to rise further to €5.26 million, albeit the increase is expected to be offset by higher finance costs amounting to €5.11 million. After accounting for administrative expenses of €0.15 million and a modest tax charge, the Company is anticipated to register a marginal net profit for the year.

STATEMENT OF CASH FLOWS

In **FY2025**, SD Finance generated €0.24 million from operating activities. With no investing or financing activities undertaken during the year, the Company ended the financial year with a cash balance of €3.39 million.

For **FY2026**, net cash from operating activities is forecast to increase markedly to €0.87 million. On the investing side, the Issuer is expected to deploy €33 million, reflecting the outlay on loans receivable. This is balanced by an equal inflow of €33 million under financing activities, representing proceeds from the issuance of debt securities. Consequently, the net movement in cash is projected at €0.87 million, leading to an end-of-year cash balance of €4.26 million.

In **FY2027**, cash flow from operating activities is anticipated at €0.29 million. Investing activities are forecast to absorb €27 million, representing further advances in loans receivable. This is expected to be offset by an equal inflow of €27 million from financing activities related to the issuance of further debt securities. The net increase in cash for the year is thus projected at €0.29 million, with year-end balances rising modestly to €4.55 million.

STATEMENT OF FINANCIAL POSITION

Total assets amounted to €67.79 million as at the end of **FY2025**, principally comprising loans receivable of €64.33 million and cash balances of €3.39 million. Total equity stood at €0.30 million whilst total liabilities amounted to €67.49 million, of which €64.89 million consisted of debt securities in issue alongside €2.60 million in trade and other payables.

In **FY2026**, total assets are forecast to expand to €101.71 million, driven by an increase in loans receivable to €97.33 million and cash holdings of €4.26 million. Total equity is expected to remain stable at €0.30 million whilst total liabilities are anticipated to grow to €101.42 million, with debt securities accounting for €97.99 million and trade and other payables estimated at €3.43 million.

In **FY2027**, total assets are projected to reach €129 million, mainly comprising €60 million in non-current loans receivable, €64.33 million in current loans receivable, and cash balances of €4.55 million. Total equity is projected to remain flat at €0.30 million, whilst total liabilities are expected to reach €128.70 million, with non-current debt securities at €60 million (the 2025 Bonds), €65 million in current debt securities (the 4.35% unsecured bonds in issue which are due for redemption in April 2027), and current trade and other payables of €3.70 million.

11. FINANCIAL ANALYSIS – THE GUARANTOR

The historical information is extracted from the audited consolidated annual financial statements of SD Holdings for the years ended 31 March 2023, 31 March 2024, and 31 March 2025.

The forecasts and projections have been provided by the Group and are based on future events and assumptions which SD Holdings believes to be reasonable. Included therein is a proposed bond issuance programme of €60,000,000 which is still subject to regulatory approval. Accordingly, actual outcomes may be adversely affected by unforeseen circumstances, and the variation between forecasts and projections compared with actual results could be material.

The estimates for FY2026 and FY2027 assume that the carrying values of the Group's principal properties will neither be revalued upwards nor impaired. Consequently, no adjustments have been made for potential uplifts or impairments in the value of these assets which could materially affect the Statement of Comprehensive Income and the Statement of Financial Position.

SD Holdings Limited **Statement of Comprehensive Income** **For the financial year 31 March**	**2023** **Actual** **€'000**	**2024** **Actual** **€'000**	**2025** **Actual** **€'000**	**2026** **Forecast** **€'000**	**2027** **Projection** **€'000**
Revenue	70,799	88,725	99,202	108,783	377,958
Net operating costs	(46,047)	(57,609)	(63,410)	(76,570)	(197,049)
EBITDA	**24,752**	**31,116**	**35,792**	**32,213**	**180,909**
Depreciation and amortisation	(9,555)	(11,042)	(9,786)	(9,552)	(23,150)
Operating profit	**15,197**	**20,074**	**26,006**	**22,661**	**157,759**
Net finance costs	(5,289)	(5,348)	(6,613)	(11,228)	(14,342)
Fair value changes of investments	-	232	1,243	-	-
Share of results of associates	5,651	65	451	(275)	1,125
Gain on the disposal of associates	-	-	-	34,511	
Profit before tax from continuing operations	**15,559**	**15,023**	**21,087**	**45,669**	**144,542**
Taxation	(3,185)	(6,170)	(9,504)	(18,104)	(25,354)
Profit for the year from continuing operations	**12,374**	**8,853**	**11,583**	**27,565**	**119,188**
Profit after tax from discontinued operations	-	5,421	7,034	-	-
Profit for the year	**12,374**	**14,274**	**18,617**	**27,565**	**119,188**
Other comprehensive income					
Fair value movements on land and buildings, net of tax	-	51,053	11,130	-	-
Other movements	126	126	-	-	-
Total comprehensive income (net of tax)	**12,500**	**65,453**	**29,747**	**27,565**	**119,188**

SD Holdings Limited Key Financial Ratios	FY2023 Actual	FY2024 Actual	FY2025 Actual	FY2026 Forecast	FY2027 Projection
EBITDA margin (%) *(EBITDA / revenue)*	34.96	35.07	36.08	29.61	47.86
Operating profit margin (%) *(Operating profit / revenue)*	21.46	22.62	26.22	20.83	41.74
Net profit margin (%) *(Profit after tax / revenue)*	17.48	16.09	18.77	25.34	31.53
Return on equity (%) *(Profit after tax / average equity)*	8.41	7.85	8.23	10.90	36.35
Return on assets (%) *(Profit after tax / average assets)*	3.41	3.36	3.49	3.98	14.79
Return on invested capital (%) *(Operating profit / average equity and net debt)*	6.83	7.26	7.99	5.10	31.60
Interest cover (times) *(EBITDA / net finance costs)*	4.68	5.82	5.41	2.87	12.61

STATEMENT OF COMPREHENSIVE INCOME

Revenues surged to €70.80 million in **FY2023** reflecting the strong underlying dynamics of the post-COVID-19 pandemic recovery. Hotel occupancy increased to 85% which was higher than the level of 81% in FY2020 prior to the outbreak of the COVID-19 pandemic. Moreover, the Group's F&B division recorded robust growth partly on the back of the opening of two new restaurants (LOA and Sonora) in St Paul's Bay and six additional Starbucks outlets to a total of 14.

EBITDA grew at a slower pace than revenues and reached €24.75 million. As a result, the EBITDA margin contracted to 34.96% in view of the negative impact of high inflation as well as an increase in payroll costs and other operational and administrative expenses in anticipation of the planned growth of the Group's both in Malta and oversees. Furthermore, the Group benefitted from a lower amount of COVID-19 Wage Supplement (which totalled €0.95 million) when compared to the prior year.

Net finance costs increased by 21.81% to €5.29 million, but the interest cover still improved, albeit marginally, to 4.68 times. Meanwhile, the year-on-year increase in depreciation and amortisation charges (+6.17% to €9.56 million) was offset by the superior performance of the Group's associates which contributed €5.65 million (+26.48%) to the Group's profitability.

Overall, SD Holdings reported a net profit of €12.37 million (+17.13%) which resulted in an upward movement in the return on equity ("**ROE**") to 8.41% and the return on assets ("**ROA**") to 3.41%. The return on invested capital ("**ROIC**") also trended higher year-on-year to 6.83% despite the contraction in the operating profit margin to 21.46%.

Revenues increased by 25.32% to €88.73 million in **FY2024**. The overall occupancy rate of the Group's hotel portfolio increased to 89% reflecting both the buoyant conditions of the local tourism market as well as the attractiveness and competitiveness of the Group's hotels. Furthermore, the F&B sector also experienced better turnover figures amid the opening of four new restaurants and three additional Starbucks outlets to a total of 17.

Cost of sales increased at the same rate as revenues to €57.61 million (FY2023: €46.05 million). As a result, EBITDA surged by 25.71% to €31.12 million whilst the EBITDA margin and interest cover edged higher to 35.07% and 5.82 times respectively.

Although depreciation and amortisation charges trended higher by 15.56% to €11.04 million, operating profit still increased by 32.09% to €20.07 million compared to €15.20 million in the prior year. Furthermore, the operating profit margin and the ROIC improved year-on-year to 22.62% and 7.26% respectively.

The share of results of associates, excluding the contributions from MHC, KAS, and KIS which were reclassified as 'discontinued operations' in FY2025, amounted to €0.07 million. Meanwhile, net finance costs increased marginally to €5.35 million, whilst the Group also registered a minor gain of €0.23 million in relation to the fair value of investments.

After accounting for tax charges of €6.17 million (FY2023: €3.19 million) and a profit after tax of €5.42 million from discontinued operations, the Group recorded a net profit for the year of €14.27 million which corresponded to a margin of 16.09% compared to 17.48% in FY2023. The ROE and ROA moved lower year-on-year to 7.85% and 3.36% respectively.

Total comprehensive income amounted to €65.45 million (FY2023: €12.50 million) and mainly comprised a net gain of €51.05 million in the fair value of Seabank and San Antonio. The uplift in property values resulted from an upward revision in financial forecasts following the strong recovery and the positive performance achieved after the negative impact of the COVID-19 pandemic. The location of the assets, possible future development, and the resulting potential for future income generation were also taken into consideration.

The Group generated revenues of €99.20 million in **FY2025**, marking an increase of €10.48 million, or +11.81%, over FY2024. The growth was underpinned by an expansion in business volumes and improved operating leverage across the Group's key segments. The overall hotel portfolio occupancy remained robust, whilst the F&B sector also experienced improved turnover, reflecting organic growth as well as the inauguration of a new GROM outlet, a Charles & Ron Cafeteria, and the addition of a further Starbucks outlet bringing the total to 18.

Net operating costs rose by 10.07% to €63.41 million, mainly driven by increases in cost of sales and administrative expenses (reflecting higher input costs and activity levels), partly offset by a marked uplift in other operating income which resulted from the recharge of development costs to an associate. Nonetheless, EBITDA surged by 15.03% to €35.79 million whilst the relative margin improved by 101 basis points to 36.08%.

After accounting for depreciation and amortisation charges of €9.79 million, operating profit stood at €26.01 million, representing a growth of 29.55% and translating into an operating profit margin of 26.22%. The ROIC also trended higher year-on-year and reached almost 8%.

Net finance costs increased by €1.27 million to €6.61 million, reflecting higher interest expense as the Group took on additional bank borrowings to support its growth ambitions. The interest cover retracted to 5.41 times, as the sharper rise in net finance costs outpaced the growth in EBITDA.

Fair value gains on investments amounted to €1.24 million whilst the share of results of associates stood at €0.45 million. As a result, profit before tax from continuing operations reached €21.09 million, representing an improvement of €6.06 million, or 40.36%, over the comparable figure of €15.02 million for FY2024.

The tax charge for the year stood at €9.50 million. Consequently, profit after tax from continuing operations amounted to €11.58 million, representing a 30.84% increase over the previous year's figure of €8.85 million. Including discontinued operations, which contributed €7.03 million in FY2025, total profit for the year stood at €18.62 million, corresponding to a net profit margin of 18.77%. The ROE and ROA also edged higher year-on-year, improving to 8.23% and 3.49% respectively.

Other comprehensive income was materially lower in FY2025 when compared to the prior year and amounted to €11.13 million. This comprised the revaluation of the portion of the right-of-use asset within the db St George's Bay Project that is earmarked for development as an owner-occupied property. Overall, total comprehensive income amounted to €29.75 million, representing a reduction of €35.71 million when compared to FY2024.

In **FY2026**, revenue is expected to increase by 9.66% to €108.78 million, principally reflecting further organic growth by Seabank, San Antonio, and the F&B segment, the twelve-month contribution from Xemxija Bay Hotel, as well as the first income from Aki London.

Despite the higher level of activity, EBITDA is forecast to decline by 10% to €32.21 million as the increase in net operating costs is projected to outpace revenue growth mainly due to one-off costs related to the db St George's Bay Project and Aki London. As a result, the EBITDA margin is expected to move lower to 29.61%.

After accounting for depreciation and amortisation charges of €9.55 million, operating profit is forecast at €22.66 million, representing a year-on-year decline of 12.86%. Consequently, the operating profit margin is expected to contract by 539 basis points to 20.83%, whilst ROIC is likewise anticipated to ease to 5.10%.

Net finance costs are expected to increase significantly to €11.23 million, reflecting the higher level of debt supporting the Group's investments. Coupled with the forecast drop in EBITDA, the interest cover is anticipated to weaken considerably to 2.87 times.

Despite the loss of €0.28 million related to the share of results of associates, profit before tax is projected to more than double to €45.67 million on the back of the €34.51 million gain from the disposal of MHC, KAS, and KIS. Taxation for the year is forecast at €18.10 million, thus leading to a net profit of €27.57 million, equating to a margin of 25.34% and a ROE and ROA of 10.90% and 3.98% respectively.

FY2027 is expected to be a milestone year for the Group in view of the expected inauguration of the db St George's Bay Project in the first quarter of the financial year. Total revenues are expected to surge to almost €378 million, driven by further growth at Seabank, San Antonio, and the F&B segment, and boosted by the first full-year contribution from Aki London, the income from the new Hard Rock Hotel St George's Bay, and the recognition of revenue from the sale of a significant number of ORA Residences.

On the back of this expansion, EBITDA is projected to reach nearly €181 million whilst the EBITDA margin is anticipated to strengthen markedly to 47.86%. Excluding the income from the sale of the ORA Residences, the projected normalised EBITDA margin of 32.19% represents a notable year-on-year improvement, reflecting the realisation of synergies and enhanced operating efficiencies at a larger scale.

Depreciation and amortisation charges are expected to increase significantly to €23.15 million mostly due to the start of the operations of the Hard Rock Hotel St George's Bay and the full-year impact of Aki London. Nonetheless, operating profit is expected at €157.76 million, equivalent to an operating profit margin of 41.74% and a ROIC of 31.60%.

Net finance costs are projected at €14.34 million, with the interest cover ratio anticipated to improve significantly to 12.61 times. Meanwhile, the share of results of associates is forecast to turn positive again, at €1.13 million, driven by the contribution from St George's Mall forming part of the db St George's Bay Project.

Overall, profit before tax is projected at €144.54 million. After accounting for a tax charge of €25.35 million, profit for the year is estimated at €119.19 million, equating to a margin of 31.53%. The ROE and ROA are also anticipated to trend higher, reaching 36.35% and 14.79% respectively.

SD Holdings Limited Statement of Cash Flows For the financial year 31 March	2023 Actual €'000	2024 Actual €'000	2025 Actual €'000	2026 Forecast €'000	2027 Projection €'000
Net cash from operating activities	25,021	30,614	50,507	11,742	148,881
Net cash used in investing activities	(7,697)	(16,078)	(64,366)	(196,302)	(12,375)
Net cash from / (used in) financing activities	(3,051)	2,261	32,693	183,303	(32,489)
Net movement in cash and cash equivalents	**14,273**	**16,797**	**18,834**	**(1,257)**	**104,017**
Cash and cash equivalents at beginning of year	39,466	53,739	70,536	89,370	88,113
Cash and cash equivalents at end of year	**53,739**	**70,536**	**89,370**	**88,113**	**192,130**
Net capital expenditure*	10,191	14,472	64,644	196,302	**12,375**
Free cash flow	**14,830**	**16,142**	**(14,137)**	**(184,560)**	**136,506**

** Calculated as gross capital expenditure minus the proceeds from the disposal of fixed and, or intangible assets.*

STATEMENT OF CASH FLOWS

Net cash generated from operating activities increased to €25.02 million in **FY2023**, reflecting the material growth in business. Cash used in investing activities amounted to €7.70 million and primarily represented outflows relating to the opening of new restaurants and catering outlets, as well as other capital expenditure, partly offset by dividend income from associates amounting to €2.72 million.

Cash outflows relating to financing activities amounted to €3.05 million and comprised net repayment of bank borrowings (€1.43 million) and principal elements of leases (€1.62 million).

Overall, the Group ended FY2023 with a cash balance of €53.74 million, representing a year-on-year increase of €14.27 million.

During **FY2024**, the Guarantor increased its cash balances by €16.80 million to €70.54 million. Net cash from operating activities amounted to €30.61 million whilst a further €2.26 million was generated from financing activities. The latter comprised net proceeds from bank borrowings of €4.47 million, partly offset by the payment of principal elements of leases totalling €2.21 million.

In terms of investing activities, the Group utilised a total of €16.08 million which was predominantly channelled towards property, plant, and equipment ("**PPE**" – €8.77 million), investment property under development (i.e., outflows related to the db St George's Bay Project – €5.64 million), and financial assets (€2 million).

During **FY2025**, the Group generated €50.51 million in net cash from operating activities, boosted by the strong operational performance and a notable release of working capital which increased to €17.12 million from €2.41 million in FY2024. Taxation movements were also favourable, yielding a net inflow of €0.98 million, whilst net interest paid increased by €0.93 million year-on-year to €3.66 million.

Net cash used in investing activities surged to €64.37 million, primarily reflecting continued investment in the db St George's Bay Project, the acquisition of the remaining two-thirds ownership of Xemxija Bay Hotel, as well as capital expenditure relating to new restaurant openings in Malta and London. Free cash flow turned negative, with an outflow of €14.14 million compared to an inflow of €16.14 million in FY2024.

Net cash from financing activities totalled €32.69 million, driven by the addition of €35.37 million in net bank borrowings as the Group significantly ramped up its use of external debt financing to fund its investment programme. On the other hand, lease liability payments increased marginally year-on-year to €2.68 million.

Overall, SD Holdings registered a net increase in cash and cash equivalents of €18.83 million in FY2025. Consequently, cash and cash equivalents at year-end amounted to €89.37 million, equivalent to 15.10% of the Group's total assets.

In **FY2026**, net cash from operating activities is forecast at €11.74 million. Despite the growth in business, the Group expects a significantly lower release of working capital whilst net interest and tax payments are projected to increase markedly year-on-year.

Investing activities are projected to absorb €196.30 million, attributable to capital expenditure allocated to PPE (€127.27 million) and investment property (€69.04 million) mostly related to the db St George's Bay Project, the RAK Project, and Aki London.

Financing activities, on the other hand, are expected to provide a significant inflow of €183.30 million, comprising net borrowings of €186.05 million partly offset by €2.74 million in lease principal payments.

The net movement in cash and cash equivalents in FY2026 is forecast at a negative €1.26 million, resulting in a marginally lower year-end cash balance of €88.11 million.

In **FY2027**, net operating cash flows are projected to strengthen materially to €148.88 million, reflecting the sharp increase in profitability and lower tax payments partly offset by a negative movement in working capital and higher net interest payments.

Investing activities are projected to decline sharply year-on-year to €12.38 million, following the completion of the db St George's Bay Project and the inauguration of Aki London, thus enabling the Group to shift its focus towards the RAK Project. Free cash flow is projected at €136.51 million, reflecting the sharp rebound in operating cash flows and the moderation of capital expenditure.

Financing activities are forecast to result in a net outflow of €32.49 million, as the Group undertakes net repayments of €29.55 million in bank borrowings coupled with €2.94 million in lease principal payments.

Overall, the net movement in cash and cash equivalents in FY2027 is expected to be positive at €104.02 million, lifting year-end balances to €192.13 million.

SD Holdings Limited Statement of Financial Position As at 31 March	2023 Actual €'000	2024 Actual €'000	2025 Actual €'000	2026 Forecast €'000	2027 Projection €'000
ASSETS					
Non-current assets					
Property, plant and equipment	184,344	247,681	279,991	441,320	422,805
Investment property under development	82,628	18,199	-	-	-
Intangible assets	929	889	1,221	1,071	922
Inventories	-	68,901	76,180	143,367	71,863
Investments in associates	19,047	24,139	3,724	39,583	53,083
Right-of-use assets	15,366	19,702	26,359	23,402	20,838
Deferred tax assets	1,952	873	997	2,000	8,574
Financial assets	-	2,232	3,475	3,475	3,475
Trade and other receivables	335	387	1,487	1,400	1,406
Other non-current assets	-	4,244	37,528	-	-
	304,601	387,247	430,962	655,618	582,966
Current assets					
Inventories	2,018	2,182	2,533	2,533	5,066
Trade and other receivables	13,546	11,984	65,026	48,685	36,883
Current tax assets	1,509	1,509	366	-	-
Cash and cash equivalents	54,419	71,036	89,548	88,113	192,130
Assets held for sale	-	-	402	-	-
Other current assets	-	-	3,002	-	-
	71,492	86,711	160,877	139,331	234,079
Total assets	**376,093**	**473,958**	**591,839**	**794,949**	**817,045**
EQUITY					
Capital and reserves					
Share capital	4,000	4,000	4,000	4,000	4,000
Reserves	86,879	133,489	144,620	146,620	153,782
Retained earnings	61,290	73,890	92,507	114,073	233,261
	152,169	**211,379**	**241,127**	**264,693**	**391,043**
LIABILITIES					
Non-current liabilities					
Bonds	64,678	64,780	64,891	101,183	63,773
Bank borrowings	12,115	15,666	44,756	152,290	137,866
Lease liabilities	60,868	64,857	61,029	43,094	38,653
Deferred tax liabilities	19,405	27,110	29,872	29,872	29,872
Trade and other payables	12,252	11,394	11,450	8,958	7,025
Redeemable preference shares	-	4,673	4,824	4,984	5,154
	169,318	188,480	216,822	340,381	282,343
Current liabilities					
Bonds	-	-	-	-	65,000
Bank overdraft	680	500	178	-	-
Bank borrowings	4,036	4,856	11,007	56,550	13,724
Lease liabilities	9,764	12,367	14,424	11,707	4,070
Current tax liabilities	1,186	5,980	14,199	4,984	8,144
Trade and other payables	38,940	50,396	94,082	116,634	52,721
	54,606	74,099	133,890	189,875	143,659
Total liabilities	**223,924**	**262,579**	**350,712**	**530,256**	**426,002**
Total equity and liabilities	**376,093**	**473,958**	**591,839**	**794,949**	**817,045**
Total debt	*152,141*	*163,026*	*196,285*	*364,824*	*323,086*
Net debt	*97,722*	*91,990*	*106,737*	*276,711*	*130,956*
Invested capital (total equity plus net debt)	*249,891*	*303,369*	*347,864*	*541,404*	*521,999*

SD Holdings Limited Key Financial Ratios	FY2023 Actual	FY2024 Actual	FY2025 Actual	FY2026 Forecast	FY2027 Projection
Net debt-to-EBITDA (times) *(Net debt / EBITDA)*	3.95	2.96	2.98	8.59	0.72
Net debt-to-equity (times) *(Net debt / total equity)*	0.64	0.44	0.44	1.05	0.33
Net gearing (%) *(Net debt / net debt and total equity)*	39.11	30.32	30.68	51.11	25.09
Debt-to-assets (times) *(Total debt / total assets)*	0.40	0.34	0.33	0.46	0.40
Leverage (times) *(Total assets / total equity)*	2.47	2.24	2.45	3.00	2.09
Current ratio (times) *(Current assets / current liabilities)*	1.31	1.17	1.20	0.73	1.63

STATEMENT OF FINANCIAL POSITION

The Group's asset base expanded by 7.47% to €376.09 million in **FY2023**. Year-on-year, the most material increase related to cash balances which rose by €14.23 million to €54.42 million. Furthermore, non-current assets increased by €8.48 million to €304.60 million principally on account of the higher value of investment property under development to €82.63 million, investments in associates to €19.05 million, and right-of-use assets to €15.37 million. On the other hand, non-current deferred tax assets decreased by €2.63 million to €1.95 million.

Total liabilities increased by 7.71% to €223.92 million reflecting the higher level of debt to €152.14 million which was partly offset by the reduction in current and non-current trade and other payables to €51.19 million. During FY2023, the Group reclassified the amounts due to Government in relation to the db St George's Bay Project to lease liabilities in line with the disclosure requirements of IFRS 16 – Leases. Together with the conclusion of other concession agreements related to the operation of additional restaurants, the amount of lease liabilities increased by €60.21 million year-on-year to €70.63 million.

The Group's equity based strengthened to €152.17 million on account of the €10.23 million increase in retained earnings to €61.29 million. However, due to the reclassification of the amounts due to Government in relation to the db St George's Bay Project as part of lease liabilities which translated into a notable increase in debt, the net debt-to-equity ratio and the net gearing ratio trended higher to 0.64 times and 39.11% respectively. Likewise, the net debt-to-EBITDA multiple and the debt-to-assets ratio deteriorated to 3.95 times and 0.40 times respectively. On the other hand, the leverage ratio remained virtually unchanged year-on-year at 2.47 times.

Total assets increased by 26.02% to €473.96 million in **FY2024**, largely reflecting the uplift in the carrying values of Seabank and San Antonio, as well as the higher level of cash and cash equivalents.

The carrying amount of the investment in the db St George's Bay Project, reported under 'investment property under development', declined sharply to €18.20 million following the reclassification of €61.76 million to inventories, representing work-in-progress on residential properties for resale, and a further €4.74 million to PPE. Additions to investment property under development during the year amounted to €2.08 million. Meanwhile, development costs allocated to non-current inventories in respect of the db St George's Bay Project totalled €7.14 million, bringing the aggregate carrying value of the residential units to €68.90 million.

Investments in associates increased by €5.09 million to €24.14 million. Right-of-use assets rose by €4.34 million to €19.70 million, reflecting additions of €6.53 million related to newly leased establishments, comprising bars and restaurants, offset by an amortisation charge of €2.20 million.

Total liabilities increased by €38.66 million to €262.58 million, driven by three key factors: (i) an aggregate increase of €12.50 million in tax liabilities, both deferred and current, largely attributable to the uplift in the carrying values of hotel properties; (ii) a net increase of €10.60 million in trade and other payables; and (iii) a €10.89 million rise in total debt to €163.03 million, reflecting higher bank borrowings, which increased by €4.19 million to €21.02 million, as well as a €6.59 million increase in lease liabilities to €77.22 million. During the year, SD Holdings also issued €4.67 million in redeemable preference shares as part of a shareholding reorganisation exercise.

The Group's equity base expanded by almost 39% to €211.38 million reflecting the increase in both retained earnings (+€12.60 million to €73.89 million) and reserves (+€46.61 million to €133.49 million). Coupled with the reduction in net debt to €91.99 million (31 March 2023: €97.72 million), the net debt-to-equity ratio and the net gearing ratio trended lower to 0.44 times and 30.32% respectively. Likewise, the debt-to-assets ratio and the leverage ratio also improved year-on-year to 0.34 times and 2.24 times respectively, whilst the net debt-to-EBITDA multiple strengthened to 2.96 times. On the other hand, as the increase in current liabilities outpaced that in current assets, the current ratio deteriorated to 1.17 times from 1.31 times as at the end of FY2023.

Total assets increased markedly by €117.88 million, or 24.87%, to reach €591.84 million in **FY2025**. The most significant contributor to this growth was the sharp increase in current trade and other receivables, which rose by €53.04 million to €65.03 million mostly due to the rise in amounts owed by associates. During the year, such entities (namely, MHC, KAS, and KIS) declared dividends totalling €27.62 million. Moreover, the Guarantor invested €6.43 million out of the committed €40 million in the RAK Project (FY2023: €2.23 million).

PPE increased by €32.31 million to €279.99 million, largely attributable to capital expenditure (including the acquisition of the remaining two-thirds ownership of Xemxija Bay Hotel) and the revaluation of the portion of right-of-use asset in the db St George's Bay project earmarked to be developed as an owner-occupied property.

Another notable uplift was registered in other non-current assets, which increased by €33.28 million to €37.53 million, representing deposits made to contractors for the development of the db St George's Bay Project. Meanwhile, cash and cash equivalents rose by €18.51 million to €89.55 million, whilst non-current inventories and right-of-use assets grew by 10.56% and 33.79% to €76.18 million and €26.36 million respectively.

Investment property under development was entirely reclassified, with the bulk under non-current inventory. Elsewhere, the value of investments in associates declined by €20.42 million to €3.72 million, primarily reflecting the declaration of dividends totalling €27.62 million from discontinued operations (namely, MHC – €26.37 million, KAS – €1.19 million, and KIS – €0.06 million).

Equity strengthened further during FY2025, by €29.75 million to €241.13 million, reflecting higher retained earnings, which increased by €18.62 million to €92.51 million, and reserves, which were up by €11.13 million to €144.62 million.

Total liabilities rose by €88.13 million to €350.71 million, primarily driven by a €34.92 million increase in bank borrowings, which reached €55.94 million. Tax liabilities, comprising both deferred and current components, increased by €10.98 million to €44.07 million. Current trade and other payables also increased sharply by €43.69 million to €94.08 million, reflecting the growing scale of the Group's operations, higher amounts of advance deposits received on POSA related to ORA Residences, and increased balances owed to associates.

Despite the increase in total debt by €33.26 million to €196.29 million, the Group's debt ratios remained stable. Net debt increased by €14.75 million to €106.74 million, resulting in a net debt-to-EBITDA multiple of 2.98 times, virtually unchanged from the prior year. The net debt-to-equity ratio remained at 0.44 times, whilst the net gearing ratio trended marginally higher to 30.68%. Similarly, the leverage ratio increased slightly to 2.45 times whilst the debt-to-assets ratio eased to 0.33 times. The current ratio edged slightly higher to 1.20 times, broadly in line with prior years.

In **FY2026**, the Group's total assets are forecast to expand by €203.11 million to €794.95 million. This growth is driven by a material increase in PPE to €441.32 million, together with a significant build-up in inventories to €143.37 million. The value of investments in associates is also expected to increase markedly to €39.58 million driven by the Group's interests in St George's Mall and the RAK Project.

Cash and cash equivalents are expected to decline marginally to €88.11 million, whilst other non-current and current assets are projected to be depleted, reflecting the utilisation of deposits made to contractors in connection with the development of the db St George's Bay Project.

The Group's equity base is anticipated to strengthen to €264.69 million, driven by higher levels of reserves (+€2 million to €146.62 million) and retained earnings (+€21.57 million to €114.07 million).

Total liabilities are projected to rise sharply to €530.26 million reflecting the use of external funding supporting the Guarantor's multi-million investments programme. Bank borrowings are expected to increase by €152.90 million to €208.84 million, whilst debt securities are forecast to reach €101.18 million compared to €64.89 million as at the end of FY2025. Meanwhile, the projected increase in non-current and current trade and other payables is expected to be largely offset by a reduction in lease liabilities to €54.80 million (31 March 2025: €75.45 million).

In view of the upsurge in indebtedness marking the peak of the investment cycle for the Group, all credit-related ratios are expected to deteriorate year-on-year. The net debt-to-EBITDA multiple is forecast to rise to 8.59 times. Net debt-to-equity is projected at 1.05 times whilst net gearing is expected to climb to 51.11%. The debt-to-assets ratio and the leverage ratio are anticipated to reach 0.46 times and 3 times respectively, whilst the current ratio is forecast to fall to 0.73 times.

Total assets are projected to increase moderately to €817.05 million in **FY2027**. PPE is forecast to contract by €18.52 million to €422.81 million, reflecting the completion of major projects (namely db St George's Bay Project and Aki London) and the resulting effects of depreciation. Inventories are expected to decline sharply to €71.86 million amid the sale of real estate forming part of ORA Residences. On the other hand, investments in associates are anticipated to rise further to €53.08 million on the back of additional commitments to the RAK Project, whilst cash balances are forecast to more than double to €192.13 million.

Equity is projected to strengthen materially to €391.04 million, supported by retained earnings rising by €119.19 million to €233.26 million and reserves increasing by €7.16 million to €153.78 million.

Total liabilities are projected to fall substantially to €426 million, reflecting deleveraging as bank borrowings contract by €57.25 million to €151.59 million. Lease liabilities are expected to decline further to €42.72 million, and current and non-current trade and other payables are forecast to fall sharply to €59.75 million. Overall, total debt is anticipated to contract by €41.74 million to €323.09 million despite the rise in debt securities to €128.77 million, whilst net debt is expected to decline at a faster rate by €145.76 million to €130.96 million.

All credit metrics of the Group are projected to strengthen significantly in FY2027. The net debt-to-EBITDA multiple is projected to fall to 0.72 times, reflecting both deleveraging and a significant uplift in earnings. Net debt-to-equity is expected to improve to 0.33 times, and net gearing reducing sharply to 25.09%. The debt-to-assets ratio is forecast to ease to 0.40 times, whilst the leverage ratio is anticipated to decline to 2.09 times. Liquidity is also projected to strengthen markedly, with the current ratio improving to 1.63 times.

12. VARIANCE ANALYSIS – THE GUARANTOR

The following is an analysis of the major variances between the forecast financial information for the year ended 31 March 2025, as included in the Analysis dated 26 September 2024, and the audited annual financial statements for the same period, published on 29 July 2025.

SD Holdings Limited **Statement of Comprehensive Income** **For the financial year 31 March**	**2025** **Actual** **€'000**	**2025** **Forecast** **€'000**
Revenue	99,202	92,103
Net operating costs	(63,410)	(60,121)
EBITDA	**35,792**	**31,982**
Depreciation and amortisation	(9,786)	(15,218)
Operating profit	**26,006**	**16,764**
Net finance costs	(6,613)	(7,788)
Fair value changes of investments	1,243	-
Share of results of associates	451	5,387
Profit before tax from continuing operations	**21,087**	**14,363**
Taxation	(9,504)	(3,200)
Profit for the year from continuing operations	**11,583**	**11,163**
Profit after tax from discontinued operations	7,034	-
Profit for the year	**18,617**	**11,163**
Other comprehensive income		
Fair value movements on land and buildings, net of tax	11,130	-
Other movements	-	126
Total comprehensive income (net of tax)	**29,747**	**11,289**

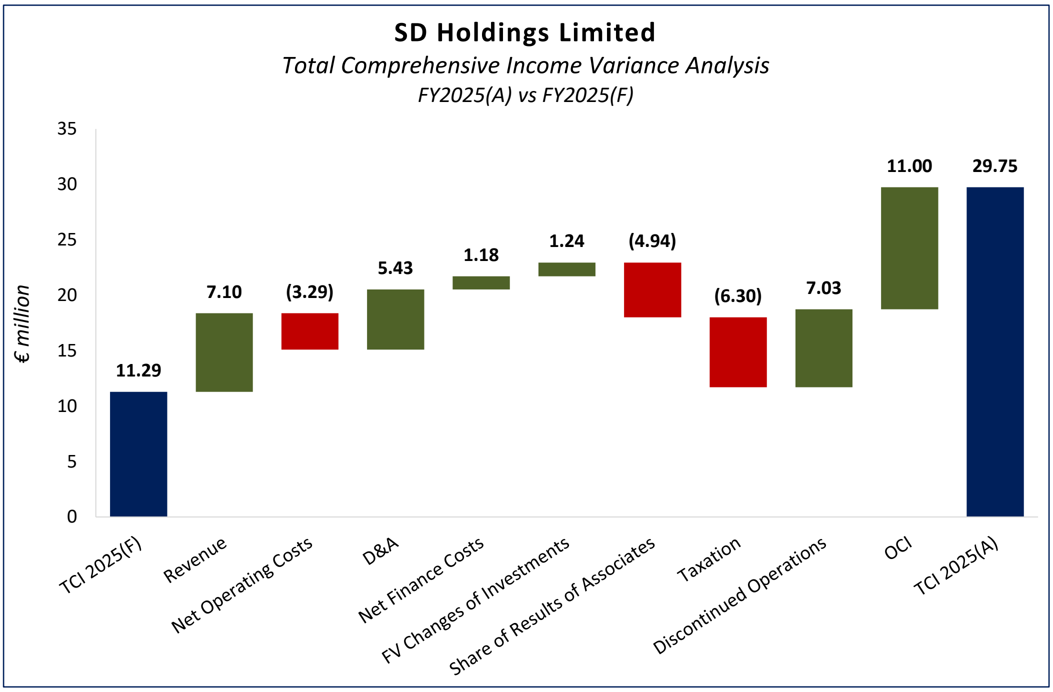
STATEMENT OF COMPREHENSIVE INCOME

During FY2025, the Group generated revenues of €99.20 million, exceeding the forecast of €92.10 million by €7.10 million (or +7.71%) amid better-than-expected business dynamics. Concurrently, net operating costs increased at a slower pace, by 5.47%, and amounted to €63.41 million compared to the forecasted figure of €60.12 million. As a result, EBITDA reached €35.79 million, exceeding the forecast of €31.98 million by €3.81 million or 11.91%.

Depreciation and amortisation charges amounted to €9.79 million, significantly lower than the forecasted €15.22 million, reflecting variances in the carrying amount of PPE and investment property under development. Consequently, operating profit came in at €26.01 million, exceeding the forecast of €16.76 million by €9.24 million or 55.13%.

At €6.61 million, net finance costs were lower than expected by €1.18 million or 15.09% whilst the Group also recognised a net fair value gain of €1.24 million on investments which was not anticipated in the forecast. Furthermore, on a like-with-like basis excluding the reclassification of MHC, KAS, and KIS as 'discontinued operations', the aggregate share of results of associates amounted to €7.49 million compared to the estimated figure of €5.39 million.

Overall, SD Holdings reported a net profit for the year of €18.62 million compared to the forecasted €11.16 million, resulting in a favourable variance of €7.45 million or 66.77%. Other comprehensive income was also significantly higher than expected, amounting to €29.75 million and exceeding the forecast by €18.46 million, driven by a gain of €11.13 million in the fair value of land and buildings.



SD Holdings Limited Statement of Cash Flows For the financial year 31 March	2025 Actual €'000	2025 Forecast €'000
Net cash from / (used in) operating activities	50,507	(1,060)
Net cash used in investing activities	(64,366)	(96,710)
Net cash from financing activities	32,693	80,904
Net movement in cash and cash equivalents	**18,834**	**(16,866)**
Cash and cash equivalents at beginning of year	70,536	70,536
Cash and cash equivalents at end of year	**89,370**	**53,670**

STATEMENT OF CASH FLOWS

In FY2025, the Group reported a net increase in cash and cash equivalents of €18.83 million, a significant outperformance compared to the forecasted net decrease of €16.87 million. This resulted in a positive variance of €35.70 million, leading to a closing cash balance of €89.37 million versus the forecasted €53.67 million.

Net cash from operating activities amounted to €50.51 million, markedly higher than the projected net outflow of €1.06 million. This positive variance was primarily attributable to favourable movements in working capital as well as a stronger operational performance.

Net cash used in investing activities totalled €64.37 million, lower than the forecasted outflow of €96.71 million by €32.34 million, reflecting reduced capital expenditure. On the other hand, net cash generated from financing activities amounted to €32.69 million, which was €48.21 million lower than the forecasted €80.90 million, on the back of lower-than-expected net bank borrowings.

SD Holdings Limited
Statement of Financial Position

As at 31 March	2025 Actual €'000	2025 Forecast €'000
ASSETS		
Non-current assets		
Property, plant and equipment	279,991	306,196
Investment property under development	-	18,199
Intangible assets	1,221	884
Inventories	76,180	106,948
Investments in associates	3,724	43,481
Right-of-use assets	26,359	25,601
Deferred tax assets	997	200
Financial assets	3,475	2,455
Trade and other receivables	1,487	12,870
Other non-current assets	37,528	
	430,962	516,834
Current assets		
Inventories	2,533	2,291
Trade and other receivables	65,026	18,976
Current tax assets	366	1,508
Cash and cash equivalents	89,548	53,670
Assets held for sale	402	-
Other current assets	3,002	-
	160,877	76,445
Total assets	**591,839**	**593,279**
EQUITY		
Capital and reserves		
Share capital	4,000	4,000
Reserves	144,620	133,489
Retained earnings	92,507	85,179
	241,127	**222,668**
LIABILITIES		
Non-current liabilities		
Bonds	64,891	64,780
Bank borrowings	44,756	94,215
Lease liabilities	61,029	68,056
Deferred tax liabilities	29,872	27,110
Trade and other payables	11,450	10,812
Redeemable preference shares	4,824	4,673
	216,822	269,646
Current liabilities		
Bank overdraft	178	-
Bank borrowings	11,007	9,958
Lease liabilities	14,424	12,905
Current tax liabilities	14,199	3,200
Trade and other payables	94,082	74,902
	133,890	100,965
Total liabilities	**350,712**	**370,611**
Total equity and liabilities	**591,839**	**593,279**
Total debt	*196,285*	*249,914*
Net debt	*106,737*	*196,244*
Invested capital (total equity plus net debt)	*347,864*	*418,912*

STATEMENT OF FINANCIAL POSITION

As at 31 March 2025, the Group's total asset base amounted to €591.84 million, marginally below the forecasted €593.28 million, representing a minor adverse variance of €1.44 million or 0.24%. The variance within investment property under development was mostly due to a reclassification to inventory following the Group's decision to sell part of the db St George's Bay Project to an associated company. Other notable variances were in the amount of PPE, which stood at €279.99 million compared to the forecasted €306.20 million; inventories, which were €30.77 million below expectations; and investments in associates, which were also significantly lower than projected. On the other hand, material positive variances were registered in current and non-current trade and other receivables, cash and cash equivalents, and other non-current assets.

Total equity as at 31 March 2025 stood at €241.13 million, which was €18.46 million higher than the forecasted €222.67 million. This was due to higher-than-expected retained earnings of €92.51 million, or €7.33 million above forecast, and reserves, which surpassed estimates by €11.13 million.

The Group had total liabilities of €350.71 million as at the end of FY2025, €19.90 million less than the forecast amount of €370.61 million. The principal contributor to this variance was bank borrowings, which stood at €55.94 million compared to the expected €104.17 million. Lease liabilities also came in lower than forecast, totalling €75.45 million versus the projection of €80.96 million. However, trade and other payables ended the financial year higher at €94.08 million, exceeding the forecast of €74.90 million by €19.18 million, whilst current tax liabilities were almost €11 million higher than expected.

Total debt as at 31 March 2025 stood at €196.29 million, which was significantly below the forecast of €249.91 million. Net debt was €106.74 million, lower than the expected figure of €196.24 million by €89.51 million. Moreover, despite the higher level of equity, invested capital was also materially lower than anticipated, closing at €347.86 million compared to the projected €418.91 million. Total borrowings (i.e., total debt excluding lease liabilities) amounted to €120.83 million, substantially below the forecasted figure of €168.95 million.

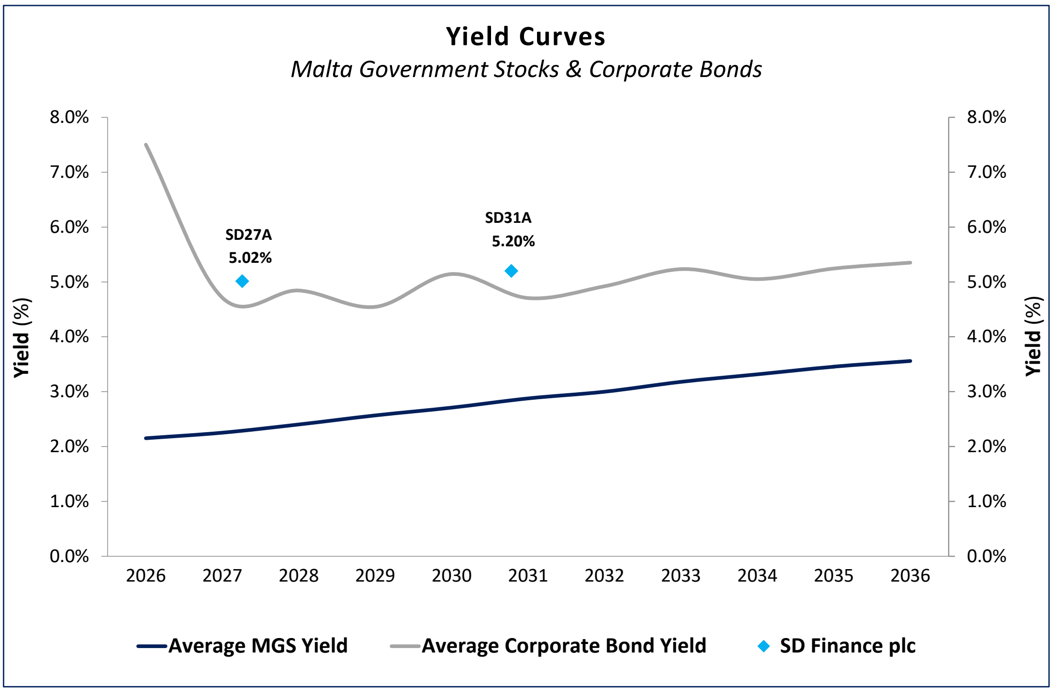
PART 3 – COMPARATIVE ANALYSIS

The table below provides a comparison between the Group and its bonds with other debt issuers and their respective debt securities listed on the Regulated Main Market (Official List) of the Malta Stock Exchange. Although there are significant variances between the activities of the Group and those of other debt issuers (including different industries, principal markets, competition, capital requirements etc.), and material differences between the risks associated with the Group's business/es and those of other debt issuers, the comparative analysis illustrated in the table below serves as an indication of the relative financial strength and creditworthiness of the Group.

Comparative Analysis*	Amount Issued	Yield-to-Maturity / Worst	Interest Cover	Net Debt-to-EBITDA	Net Gearing	Debt-to-Assets
	(€'000)	*(%)*	*(times)*	*(times)*	*(%)*	*(times)*
4.35% Hudson Malta p.l.c. Unsecured & Guaranteed 2026	12,000	6.14	4.93	4.63	73.87	0.55
4.25% CPHCL Finance p.l.c. Unsecured & Guaranteed 2026	40,000	7.76	1.35	11.96	43.62	0.40
4.00% International Hotel Investments p.l.c. Secured 2026	55,000	3.98	1.46	11.17	43.36	0.40
5.00% Dizz Finance p.l.c. Unsecured & Guaranteed 2026	8,000	13.74	1.96	9.84	84.18	0.55
3.75% Premier Capital p.l.c. Unsecured 2026	65,000	4.64	12.23	2.16	69.41	0.59
4.00% International Hotel Investments p.l.c. Unsecured 2026	60,000	5.64	1.46	11.17	43.36	0.40
3.25% AX Group p.l.c. Unsecured 2026	15,000	4.93	3.09	7.54	42.13	0.37
4.00% Hili Finance Company p.l.c. Unsecured & Guaranteed 2027	50,000	4.89	4.88	4.34	67.75	0.57
4.35% SD Finance plc Unsecured & Guaranteed 2027	65,000	5.02	5.41	2.98	30.68	0.33
4.00% Eden Finance p.l.c. Unsecured & Guaranteed 2027	40,000	3.99	4.55	6.93	28.64	0.26
5.25% Mediterranean Investments Holding p.l.c. Unsecured & Guaranteed 2027	30,000	5.24	5.81	2.45	20.10	0.19
4.00% Stivala Group Finance p.l.c. Secured & Guaranteed 2027	45,000	4.00	4.46	5.18	21.99	0.20
4.75% Best Deal Properties Holding p.l.c. Secured & Guaranteed 2025-2027	13,832	4.74	110.36	8.31	74.19	0.73
4.75% Gap Group p.l.c. Secured & Guaranteed 2025-2027	21,607	4.27	n/a	1.04	26.65	0.33
3.85% Hili Finance Company p.l.c. Unsecured & Guaranteed 2028	40,000	4.69	4.88	4.34	67.75	0.57
5.85% Mediterranean Investments Holding p.l.c. Unsecured & Guaranteed 2028	20,000	5.64	5.81	2.45	20.10	0.19
5.75% PLAN Group p.l.c. Secured & Guaranteed 2028	12,000	5.04	2.48	14.28	51.39	0.46
5.75% Best Deal Properties Holding p.l.c. Secured & Guaranteed 2027-2029	15,000	5.11	110.36	8.31	74.19	0.73
5.00% Hili Finance Company p.l.c. Unsecured & Guaranteed 2029	80,000	4.82	4.88	4.34	67.75	0.57
3.65% Stivala Group Finance p.l.c. Secured & Guaranteed 2029	15,000	4.28	4.46	5.18	21.99	0.20
3.80% Hili Finance Company p.l.c. Unsecured & Guaranteed 2029	80,000	4.87	4.88	4.34	67.75	0.57
3.75% AX Group p.l.c. Unsecured 2029	10,000	3.75	3.09	7.54	42.13	0.37
6.25% GPH Malta Finance p.l.c. Unsecured & Guaranteed 2030	18,144	6.09	3.04	5.78	92.42	0.82
5.25% ACMUS p.l.c. Secured 2028-2030	19,000	5.02	4.49	22.77	72.48	0.70
5.35% MM Star Malta Finance p.l.c. Secured & Guaranteed 2029-2031	35,000	5.10	1.48	9.51	70.42	0.65
5.20% SD Finance plc Unsecured & Guaranteed 2031	33,000	5.20	5.41	2.98	30.68	0.33
3.65% International Hotel Investments p.l.c. Unsecured 2031	80,000	4.84	1.46	11.17	43.36	0.40
3.50% AX Real Estate p.l.c. Unsecured 2032	40,000	4.56	2.87	8.01	51.84	0.47
5.35% Best Deal Properties Holding p.l.c. Unsecured 2032	7,000	5.16	110.36	8.31	74.19	0.73
5.80% GPH Malta Finance plc Unsecured & Guaranteed 2032	15,000	5.29	3.04	5.78	92.42	0.82
5.00% Mariner Finance p.l.c. Unsecured 2032	36,930	4.98	4.00	5.48	45.91	0.45
5.85% AX Group p.l.c. Unsecured 2033	40,000	5.31	3.09	7.54	42.13	0.37
6.00% International Hotel Investments p.l.c. Unsecured 2033	60,000	5.21	1.46	11.17	43.36	0.40
4.50% The Ona p.l.c. Secured & Guaranteed 2028-2034	16,000	4.50	2.35	12.72	77.11	0.69
5.35% Hal Mann Vella Group p.l.c. Secured 2031-2034	23,000	4.73	2.69	7.13	47.59	0.42
5.30% International Hotel Investments p.l.c. Unsecured 2035	35,000	4.93	1.46	11.17	43.36	0.40
5.50% Juel Group p.l.c. Secured & Guaranteed 2035	32,000	5.23	15.06	23.23	58.68	0.48

**As at 18 September 2025*

Sources: *Malta Stock Exchange, M.Z. Investment Services Limited, and the most recent audited annual financial statements of the respective Issuers and, or Guarantors, except for MM Star Malta Finance p.l.c. and ACMUS p.l.c. (FY2025[F]).*



The closing market price as at 18 September 2025 for the **4.35% SD Finance plc unsecured and guaranteed bonds 2027** (SD27A) was 98.98%. This translated into a yield-to-maturity ("**YTM**") of 5.02% which was 31 basis points above the average YTM of 4.71% of other local corporate bonds maturing in the same year. The premium over the corresponding average Malta Government Stock ("**MGS**") yield of equivalent maturity (2.25%) stood at 277 basis points.

The new **5.20% SD Finance plc unsecured and guaranteed bonds 2031** have been priced at a premium of 49 basis points over the average YTM of 4.71% of other local corporate bonds maturing in the same year as at 18 September 2025. The premium over the corresponding average MGS yield of equivalent maturity (2.88%) stood at 232 basis points.

PART 4 – EXPLANATORY DEFINITIONS

Statement of Comprehensive Income	
Revenue	Total income generated from business activities.
EBITDA	Earnings before interest, tax, depreciation, and amortisation. It is a metric used for gauging operating performance excluding the impact of capital structure. EBITDA is usually interpreted as a loose proxy for operating cash flows.
Adjusted operating profit / (loss)	Profit (or loss) from core operations, excluding movements in the fair value of investment property, share of results of associates and joint ventures, net finance costs, and taxation.
Operating profit / (loss)	Profit (or loss) from operating activities, including movements in the fair value of investment property but excluding the share of results of associates and joint ventures, net finance costs, and taxation.
Share of results of associates and joint ventures	Share of profit (or loss) from entities in which the company does not have a majority shareholding.
Profit / (loss) after tax	Net profit (or loss) registered from all business activities.

Profitability Ratios	
EBITDA margin	EBITDA as a percentage of revenue.
Operating profit margin	Operating profit (or loss) as a percentage of total revenue.
Net profit margin	Profit (or loss) after tax as a percentage of total revenue.
Return on equity	Measures the rate of return on net assets and is computed by dividing the net profit (or loss) for the year by average equity.
Return on assets	Measures the rate of return on assets and is computed by dividing the net profit (or loss) for the year by average assets.
Return on invested capital	Measures the rate of return from operations and is computed by dividing operating profit (or loss) for the year by the average amount of equity and net debt.

Statement of Cash Flows	
Net cash from / (used in) operating activities	The amount of cash generated (or consumed) from the normal conduct of business.
Net cash from / (used in) investing activities	The amount of cash generated (or consumed) from activities related to the acquisition, disposal, and/or development of long-term assets and other investments.
Net cash from / (used in) financing activities	The amount of cash generated (or consumed) that have an impact on the capital structure, and thus result in changes to share capital and borrowings.
Free cash flow	Represents the amount of cash generated (or consumed) from operating activities after considering any amounts of net capital expenditure.

Statement of Financial Position	
Non-current assets	These represent long-term investments which full value will not be realised within the next twelve months. Such assets, which typically include property, plant, equipment, and investment property, are capitalised rather than expensed, meaning that the amortisation of the cost of the asset takes place over the number of years for which the asset will be in use. This is done instead of allocating the entire cost to the accounting year in which the asset was acquired.
Current assets	All assets which could be realisable within a twelve-month period from the date of the Statement of Financial Position. Such amounts may include development stock, accounts receivable, cash and bank balances.
Non-current liabilities	These represent long-term financial obligations which are not due within the next twelve months, and typically include long-term borrowings and debt securities.
Current liabilities	Liabilities which fall due within the next twelve months from the date of the Statement of Financial Position, and typically include accounts payable and short-term debt.
Total equity	Represents the residual value of the business (assets minus liabilities) and typically includes the share capital, reserves, as well as retained earnings.

Financial Strength / Credit Ratios	
Interest cover	Measures the extent of how many times a company can sustain its net finance costs from EBITDA.
Net debt-to-EBITDA	Measures how many years it will take a company to pay off its net interest-bearing liabilities (including lease liabilities) from EBITDA, assuming that net debt and EBITDA are held constant.
Net debt-to-equity	Shows the proportion of net debt (including lease liabilities) to the amount of equity.
Net gearing	Shows the proportion of equity and net debt used to finance a company's business and is calculated by dividing net debt by the level of invested capital.
Debt-to-assets	Shows the degree to which a company's assets are funded by debt and is calculated by dividing all interest-bearing liabilities (including lease liabilities) by total assets.
Leverage	Shows how many times a company is using its equity to finance its assets.
Current ratio	Measures the extent of how much a company can sustain its short-term liabilities from its short-term assets.