

SD FINANCE plc

Condensed Interim Financial Statements
30 September 2025

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Interim Directors' Report

The Directors present their report and the condensed interim financial statements in terms of Chapter 5 of the Capital Markets of the Malta Financial Services Authority and the Prevention of Financial Markets Abuse Act, 2005. The condensed financial statements have been extracted from SD Finance plc's unaudited financial information as at 30 September 2025 and the six-month period then ended, prepared in accordance with International Financial Reporting Standards as adopted for use in the EU for interim financial statements (International Accounting Standard 34, 'Interim Financial Reporting'). This half-yearly report has not been audited or reviewed by the Company's independent auditors.

Trading performance

The Company

The Company's principal activity is to carry on the business of a finance and investment company in connection with ownership, development, operation and financing of the business activities of the companies forming part of db Group (the "Group").

In April 2025, the Company paid out €2,827,500 (2024: €2,827,500) being 4.35% interest due to its bondholders. Interest and related income principally receivable from related parties during the period ended 30 September 2025 amounted to €1,628,851 (2024: €1,541,441). Profit before taxation for the current six-month period amounted to €8,691 (2024: €7,869).

In October 2025, SD Finance PLC issued a €33 million 5.2% Unsecured Bonds 2031, that were fully subscribed. The proceeds from the bonds issue shall be used mainly to repay in full existing intercompany loans between db Porto Hotel Limited, db San Gorg Property Limited and the Guarantor and for general corporate funding purposes. The Directors are not anticipating any further significant changes during the forthcoming six months.

The Group

During the first six months, the Group has continued to register strong results.

For the period April to September 2025, db Seabank Resort & Spa registered an increase in turnover of 3% of the 2024 figures, with revenues of €20 million compared to €19 million in 2024. Whereas db Hotel San Antonio Resort & Spa registered an increase in turnover of 14% of the 2024 figures at €17.8 million in 2025 compared to €15.6 million in 2024.

The leisure arm of the Group continued operating with twelve outlets during the first six months of the period ended 30 September 2025. Turnover for SRGN for the period ended 30 September 2025 stood at €16.7 million, compared with €16.1 million during the same period in the previous year. In September, a new exclusive Aki-branded establishment comprising a lounge, bar and restaurant serving a unique gastronomical haute Japanese cuisine experience was inaugurated in London, UK. Seaport Franchising Limited continued expanding with one new merchandise outlet in Republic Street Valletta. Turnover for the period to September 2025 stands at €4 million compared with €3.7 million during the same period in the previous year.

Starbucks outlets, now eighteen in total, continue to grow with turnover for the first six months of the current financial year increased slightly when compared to the same period in the previous year at €5.3 million.

Apart from Hard Rock Café and Starbucks, GROM the group has acquired the Franchise rights of EL&N London franchises, is operating the Charles & Ron Cafeterias and acquired the land and buildings (including the airspace) of Porto Azzurro Hotel and is now operating it as Xemxija Bay Hotel.

Interim Directors' Report - continued

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"). 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. 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 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.

Following the Group's strategic decision to divest its interest in Malta Healthcare Caterers Ltd, Kore Air Services Limited and Kore Inflight Services Ltd, the focus is on its core hospitality and property development activities, both in Malta and internationally.

The Group has prepared projections for the year ending 31 March 2026, based on actual results for the six months ended 30 September 2025 and forecasts thereafter. Revenue is projected to increase substantially from the same period in the prior year to €108.8 million (2025: €99.2 million).

Further details on these projections are available in the Financial Analysis Summary report issued in September 2025.

The Group has also prepared projections for the coming 2 years, based on historical financial information and forecasts, but factoring in the improved results of the past year. The Group does not anticipate any material impact on its results from ongoing major geopolitical events, as its direct business exposure to the affected areas is negligible. Nonetheless, the Group continues to monitor the broader implications of these developments on global markets and supply chains. Continued increases in the price of goods and services is the principal challenge that the Group's entities have experienced during the current financial year. The projections contemplate the existence of a significant liquidity buffer at the end of the year and the Directors feel confident that with the measures taken and the secured financing arrangements, the Group shall overcome any potential further disruptions. On this basis, the Directors are of the opinion that there are no material uncertainties which may cast significant doubt about the ability of the Group to continue operating as a going concern.

In view of the measures undertaken by the Group, the projections outlined above, and the cash reserves accumulated by the Group in the past years, the Directors are of the opinion that the Issuer will have the necessary funds to finance the interest falling due in April 2026 and going forward.

Interim Directors' Report - continued

Dividends

The Directors do not recommend the payment of an interim dividend.

Directors' statement pursuant to Capital Markets Rule 5.75.3

We hereby confirm that to the best of our knowledge:

1. the condensed half-yearly report gives a true and fair view of the financial position of the Company as at 30 September 2025, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards as adopted by the EU applicable to Interim Financial Reporting (IAS 34).
2. the interim directors' report includes a fair review of the information required in terms of Capital Markets Rule 5.81.



Alan Debono
Director



Stephen Muscat
Director

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Seabank Hotel,
Marfa Road,
Mellieha
MLH 9064
Malta

24 November 2025

Condensed Statement of Financial Position

	Notes	As at 30 September 2025 €	As at 31 March 2025 €
ASSETS			
Non-current assets			
Loans receivable	3	64,332,686	64,332,686
Current assets			
		2,342,404	3,458,223
Total assets		66,675,090	67,790,909
EQUITY AND LIABILITIES			
Equity			
		304,595	298,946
Non-current liabilities			
Borrowings	2	64,945,871	64,890,518
Current liabilities			
Borrowings	2	1,373,190	2,570,454
Other current liabilities		51,434	30,991
		1,424,624	2,601,445
Total liabilities		66,370,495	67,491,963
Total equity and liabilities		66,675,090	67,790,909

The notes on pages 8 to 10 are an integral part of these condensed interim financial statements.

The condensed interim financial statements on pages 4 to 10 were authorised for issue by the Board of Directors on 24 November 2025 and were signed on its behalf by:



Alan Debono
Director



Stephen Muscat
Director

Condensed Statement of Comprehensive Income

		6 months ended 30 September	
	Note	2025 €	2024 €
Finance income	3	1,628,851	1,541,441
Finance costs		(1,466,694)	(1,464,573)
Net interest income		162,157	76,868
Administrative expenses		(153,466)	(68,999)
Profit before tax		8,691	7,869
Tax expense		(3,042)	(2,754)
Profit for the period		5,649	5,115
Other comprehensive income		-	-
Total comprehensive income for the period		5,649	5,115

The notes on pages 8 to 10 are an integral part of these condensed interim financial statements.

Condensed Statement of Changes in Equity

	Share capital €	Retained earnings €	Total €
Balance at 1 April 2024	250,000	44,910	294,910
Profit for the period	-	5,115	5,115
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	5,115	5,115
Balance at 30 September 2024	250,000	50,025	300,025
Balance at 1 April 2025	250,000	48,946	298,946
Profit for the period	-	5,649	5,649
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	5,649	5,649
Balance at 30 September 2025	250,000	54,595	304,595

The notes on pages 8 to 10 are an integral part of these condensed interim financial statements.

Condensed Statement of Cash Flows

	6 months ended 30 September	
	2025 €	2024 €
Cash flows used in operating activities	(2,744,670)	(2,916,748)
Cash flows used in investing activities	-	-
Cash flows used in financing activities	-	-
Net movement in cash and cash equivalents	(2,744,670)	(2,916,748)
Cash and cash equivalents at beginning of period	3,390,700	3,149,230
Cash and cash equivalents at end of period	646,030	232,482

The notes on pages 8 to 10 are an integral part of these condensed interim financial statements.

Notes to the Condensed Interim Financial Statements

1. Basis of preparation

This condensed interim financial information for the six-month period ended 30 September 2025 has been prepared in accordance with IAS 34, 'Interim financial reporting'. They have been prepared under the historical cost convention. The condensed interim financial statements have been prepared on the basis that the Company will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

These financial statements have not been audited nor reviewed by the Company's independent auditors. The condensed interim financial information does not include all the notes of the type normally included in the annual financial statements. Accordingly, this report should be read in conjunction with the annual financial statements for the period ended 31 March 2025, which have been prepared in accordance with IFRSs as adopted by the EU.

The accounting policies applied in the preparation of these condensed interim financial statements are consistent with those applied in the annual financial statements for the period ended 31 March 2025.

2. Borrowings

	30 September 2025 €	31 March 2025 €
Non-current		
650,000 4.35% bonds 2017 - 2027	64,945,871	64,890,518
Current		
650,000 4.35% bonds 2017 - 2027	(109,121)	(106,712)
Accrued interest payable	1,482,311	2,677,166
	<u>1,373,190</u>	<u>2,570,454</u>
	66,319,061	67,460,972

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

	30 September 2025 €	31 March 2025 €
Original face value of bonds issued	65,000,000	65,000,000
Bond issue costs	(924,036)	(924,036)
Accumulated amortisation	760,786	707,842
Closing net book amount of bond issue costs	<u>(163,250)</u>	<u>(216,194)</u>
Amortised cost and closing carrying amount of the bonds	64,836,750	64,783,806

Notes to the Condensed Interim Financial Statements - continued

2. Borrowings - continued

By virtue of an offering memorandum dated 27 March 2017, the Company issued 650,000 bonds with a face value of €100 each, for an aggregate amount of €65,000,000. The bonds have a coupon interest of 4.35% which is payable annually in arrears every 25 April. The bonds are redeemable at par and are due for redemption on 25 April 2027 unless they are previously re-purchased and cancelled in accordance with the provisions of the offering memorandum. The bonds are guaranteed by SD Holdings Limited, which has bound itself jointly and severally liable for the payment of the bonds and interest thereon, pursuant to and subject to the terms and conditions in the offering memorandum. The bonds have been admitted on the Official List of the Malta Stock Exchange on 4 May 2017. The quoted market price for the bonds as at 30 September 2025 was €100 (31 March 2025: €99.5). The fair value of the bonds as at 30 September 2025 is €65,000,000 (31 March 2025: €64,675,000). At the end of the reporting period, bonds with a face value of nil (31 March 2025: nil) were held by a company director.

3. Related party transactions

The Company forms part of the db Group of Companies. All companies forming part of the db Group are related parties since these companies are all ultimately owned by SD Holdings Limited, which is considered by the Directors to be the ultimate controlling party. The main related parties with whom transactions were entered into during the current and the comparative financial periods were SD Holdings Limited, the guarantor of the bonds, and fellow subsidiaries to whom the bond proceeds were advanced in accordance with the provisions of the prospectus (see Note 2).

Balances with related parties at the end of the financial reporting periods were as follows:

	30 September 2025 €	31 March 2025 €
Loans receivable		
Loan to parent company	1,488,101	1,488,101
Loans to fellow subsidiaries	62,844,585	62,844,585
	64,332,686	64,332,686
 Current accounts receivable		
Amounts receivable from parent company	39,310	1,632
Amounts receivable from fellow subsidiaries	1,657,050	65,877
	1,696,360	67,509

The loans receivable are subject to a fixed interest rate of 4.55% with an additional renewal fee which is chargeable on the loans at a floating rate at the discretion of the directors of the issuer. As at the end of the current interim reporting period the element of the floating interest rate was 0.50% (31 March 2025: 0.22%). The loans are unsecured and repayable by not later than 10 April 2027.

Notes to the Condensed Interim Financial Statements - continued

3. Related party transactions - continued

Interest and related income from related parties during the current and the comparative six-month period is disclosed below:

	6 months ended 30 September	
	2025 €	2024 €
Finance income from loan advanced to parent company	37,677	35,655
Finance income from loans advanced to fellow subsidiaries	1,591,174	1,505,786
	1,628,851	1,541,441

4. Fair values of financial instruments

At 30 September 2025, the carrying amounts of cash at bank, receivables, and payables approximated their fair values due to the nature or short-term maturity of these instruments. The loans to parent and fellow subsidiaries have a fair value of approximately €64,558,403 as at 30 September 2025 (31 March 2025: €60,757,363), compared to a carrying amount of €64,332,686. The fair values were calculated based on cash flows discounted using a current lending rate for similar instruments at the reporting date. They are classified as Level 3 fair values in the fair value hierarchy required by IFRS 7, 'Financial instruments: Disclosures' due to the inclusion of unobservable inputs including counterparty credit risk. Information on the fair value of the Company's bonds issued to the general public is disclosed in Note 2 to the condensed interim financial statements. The fair value estimate in this respect is deemed Level 1 as it constitutes a quoted price in an active market.

5. Events after the end of the interim period

On 25 September 2025, the Company submitted an application to the Malta Financial Services Authority requesting the admissibility to listing of an unsecured bond issuance programme of a maximum of €60,000,000 (the "Programme"). Under the Programme, the bonds may be issued in series and each series may comprise one or more tranches which will all be subject to identical terms, except that the issue date, interest commencement date, first interest payment date and issue price may be different in respect of different tranches within the series. The bonds under the Programme are guaranteed by SD Holdings Limited, which has bound itself jointly and severally liable with the Company for the payment of the bonds and interest thereon, pursuant to and subject to the terms and conditions of the Programme.

On 3 October 2025, the Malta Financial Services Authority has approved the Programme and has authorised the admissibility to listing on the Official List of the Malta Stock Exchange of Series 1 Tranche 1 consisting of 330,000 bonds with face value of €100 each, for an aggregate amount of €33,000,000. The bonds have a coupon interest of 5.2% which is payable annually in arrears every 15 February. The bonds are redeemable at par and are due for redemption on 15 February 2031. The bonds have been admitted on the Official List of the Malta Stock Exchange on 12 November 2025. The quoted market price for the bonds as of first day of trading on 13 November 2025 was €101. As of 13 November 2025, bonds with a face value of €40,000 were held by a company director.