SD FINANCE plc

Annual Financial Report and Financial Statements

31 March 2026

Company Registration Number: C 79193

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Directors' report

The Directors present their report and the audited financial statements for the year ended 31 March 2026.

Principal activities

The principal activity of SD Finance plc (the "Company" or the "Issuer") is to carry on the business by raising funds to finance the operations and capital projects of the companies forming part of the db Group (the "Group").

Review of business

During the year under review, finance income on loans and ancillary revenue (in the form of renewal fees – see Note 4) from SD Holdings Limited, the guarantor of the Company's bonds, and Seabank Hotel and Catering Limited, Hotel San Antonio Limited (fellow subsidiaries), amounted to €3.8 million (2025: €3.1 million), whilst interest expense on bonds totalled €3.6 million (2025: €2.9 million).

Administrative expenses mainly representing listing and compliance costs, together with Directors' and professional fees amounted to €138,335 (2025: €133,912). Profit for the year after tax amounted to €34,822 (2025: €4,036), representing an increase of €30,786. This increase was primarily driven by net interest income earned on an additional loan to SD Holdings Limited of €32.4 million, being the net proceeds of a €33.0 million bond issuance in November 2025 (see Note 4 and Note 8).

The Company's balance sheet is primarily made up of the bond issue for €98.0 million (classified as non-current liabilities) and the loans receivable from SD Holdings Limited, Seabank Hotel and Catering Limited, and Hotel San Antonio Limited (classified as non-current assets). SD Finance plc's equity as at year end is stated at €333,768 (2025: €298,946) primarily made up of the initial share capital funds.

The Company recognises that the key risk and uncertainty of its business is that of the potential non-fulfilment by the borrowers (noted above) of their obligations.

Guarantor's performance for 2026 and outlook for 2027

During the financial year, the db Group owned by SD Holdings Limited, as guarantor to the bond issue continued to invest in the expansion and diversification of its hospitality, catering and retail operations through a number of strategic projects and acquisitions.

The Group's most significant investment remains the development of the Hard Rock Hotel Malta at St. George's Bay. Construction progressed substantially during the year, with the project reaching its final stages of completion. The hotel is expected to commence operations shortly and represents a major milestone in the Group's long-term growth strategy. Upon opening, the development will significantly enhance the Group's hospitality offering and further strengthen its position within Malta's tourism sector.

Within this flagship project, the Group continued the rollout and development of a number of hospitality and food and beverage concepts, including TATEL, Hard Rock Cafe, Tanvi, C&R, Starbucks and Matto. Construction of the **St. George's Mall** also progressed during the year and is now open. This development will complement the Group's hospitality operations by introducing a high-quality retail and lifestyle destination at St. George's Bay. The project is expected to enhance the overall visitor experience and contribute to the continued regeneration of the area.

During the year, the Group achieved a significant milestone with the opening of **AKI London**, its first restaurant outside Malta. This marks an important step in the Group's international expansion strategy and demonstrates its ambition to extend its hospitality and dining expertise beyond the domestic market. The successful launch of AKI London establishes a platform for future growth and further strengthens the Group's portfolio of premium food and beverage concepts.

The Group also invested in the taking over of a commercial laundry, and continued investing further to convert the laundry facility into an industrial one equipped with state-of-the-art technology tunnel washer and fully automated systems. This investment is expected to improve operational efficiencies, increase processing capacity and support the Group's expanding hospitality business whilst also providing this service to other corporate and personal clients.

Directors' report - continued

Review of business - continued

Guarantor's performance for 2026 and outlook for 2027 - continued

The Directors believe that these investments position the Group for continued sustainable growth and will contribute positively to its future financial performance.

As at 31 March 2026, the Group still has a substantial cash reserve of over €98.5 million.

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.

Issuer's outlook for the financial year ending 2027

The Company paid its bondholders the full interest that was due in April 2026. Furthermore, in view of the measures undertaken by the Group, the projections outlined above and the cash reserves available to the Group, the Directors are of the opinion that the Issuer will have the necessary funds to finance the interest falling due in April 2027 and going forward. The Board of the Issuer, having reviewed the Group's cashflow forecast, further confirms this statement.

Principal risks and uncertainties

Financial risk management

The Company's activities expose it to a variety of financial risks, including credit risk and liquidity risk. Refer to Note 2 to these financial statements.

Results and dividends

The Company's financial results are set out on page 9. The Directors do not recommend the payment of a dividend.

The Directors propose that the balance of retained earnings amounting to €83,768 (2025: €48,946) be carried forward to the next financial year.

Directors

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

Silvio Debono
Robert Debono
Alan Debono (appointed 25th April 2025)
Arthur Gauci (resigned 25th April 2025)
Philip Micallef (resigned 31st December 2025)
Kenneth Swain (appointed 1st January 2026)
Vincent Micallef
Stephen Muscat

With effect from 25 April 2025, Arthur Gauci stepped down from his position as Non-Executive Director of the Company. On the same date, Alan Debono was appointed as Executive Director.

Directors' report - continued

Directors - continued

Philip Micallef resigned as Director of the Company with effect from 31 December 2025. Subsequently, on 1 January 2026, Kenneth Swain was appointed as Non-Executive Director of the Company and as a member of the Company's Audit Committee.

The Company's Articles of Association do not require any Director to retire.

Statement of Directors' responsibilities for the financial statements

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

In preparing the financial statements, the Directors should:

- select suitable accounting policies and apply them consistently;
- ensure that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the EU and the Companies Act (Cap. 386) of the Laws of Malta;
- account for income and charges relating to the accounting period on the accruals basis;
- value separately the components of asset and liability items;
- report comparative figures corresponding to those of the preceding accounting period;
- make judgments and estimate that are reasonable; and
- prepare the financial statement on a going concern basis, unless it is inappropriate to presume that the Company will continue in business as a going concern.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Company and which enable the Directors to ensure that the financial statements comply with the Companies Act (Cap. 386) of the Laws of Malta. This responsibility includes designing, implementing, and maintaining such internal control as the Directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. The Directors are also responsible for safeguarding the assets of the Company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Annual Financial Report 2026, which includes the Directors' report and financial statements of SD Finance plc for the year ended 31 March 2026 are available on the db Group website.

The Directors are responsible for the maintenance and integrity of the Annual Financial Report on the website in view of their responsibility for the controls over, and the security of, the website. Access to information published on the Group's website is available in other countries and jurisdictions, where legislation governing the preparation and dissemination of financial statements may differ from requirements or practice in Malta.

The Directors confirm that, to the best of their knowledge:

- the financial statements give a true and fair view of the financial position of the Company as at 31 March 2026, and of the financial performance and the cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU; and

- the Annual Financial Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that the Company and the Guarantor face.

Directors' report - continued

Going concern statement pursuant to Capital Markets rule 5.62

After making enquiries, the Directors, at the time of approving the financial statements, have determined that it is reasonable to assume that the Company has adequate resources to continue operating for the foreseeable future. For this reason, the Directors have adopted the going concern basis in preparing the financial statements.

Auditors

Ernst & Young Malta (EY Malta) has been appointed as auditors of the Company for the audit of the current financial year ended 31 March 2026.

Signed on behalf of the Board of Directors on 27 July 2026 by Robert Debono (Director) and Alan Debono (Director) as per the Directors' Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual Financial Report.

Registered office

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Company secretary

Dr. Shaheryar Ghaznavi

Robert Debono
Director

Alan Debono
Director

Corporate Governance – Statement of Compliance

Introduction

Pursuant to the requirements of the Capital Markets Rules issued by the Listing Authority of the Malta Financial Services Authority, SD Finance plc (the "Company" or the "Issuer" – a fully owned subsidiary of SD Holdings Limited) hereby reports on the extent to which the Company has adopted The Code of Principles of Good Corporate Governance (the "Code") appended to Chapter 5 of the Capital Markets Rules as well as the measures adopted to ensure compliance with these same Principles.

Since its incorporation, the Company's principal activity is to raise funds from the capital market to finance the operations of other group companies forming part of db Group (the "Group").

The Company acknowledges that although the Code does not dictate or prescribe mandatory rules, compliance with the principles of good corporate governance recommended in the Code is in the best interests of the Company, its shareholders, and other stakeholders. In deciding on the most appropriate manner in which to implement the Principles, the Board of SD Finance plc (the "Board") has taken cognisance of its size, which inevitably impacts on the structures required to implement the Principles without diluting the effectiveness thereof. The Company does not have any employees.

The Board considers that, to the extent otherwise disclosed herein, the Company was generally in compliance with the Principles throughout the year under review.

Roles and responsibilities

The Board acknowledges its statutory mandate to conduct the administration and management of the Company. The Board, in fulfilling this mandate and discharging its duty of stewardship of the Company, assumes responsibility for:

- the Company's strategy and decisions with respect to the issue, servicing, and redemption of its bonds; and
- monitoring that its operations are in conformity with its commitments towards bondholders, shareholders and all relevant laws and regulations.

The Board is also responsible for ensuring that the Company installs and operates effective internal control and management information systems and that it communicates effectively with the market.

The Board of Directors

Principles One to Five of the Code deal fundamentally with the role of the Board of Directors.

The Board is composed of six members made up of three executive and three non-executive directors as of 31 March 2026. The three Executive Directors, Mr Silvio Debono, Mr Robert Debono and Mr Alan Debono, occupy various senior executive and directorship positions within the Group. The three Non-Executive Independent Directors are Dr Vincent Micallef, Mr Stephen Muscat, and Mr. Kenneth Swain.

With effect from 25th of April 2025, Arthur Gauci, who was also a Non-Executive Director, has stepped down from the position of Non-Executive Director of the Company. On the same date, Alan Debono has been appointed as Executive Director of the Company.

Philip Micallef resigned as Director of the Company with effect from 31 December 2025. Subsequently, on 1 January 2026, Kenneth Swain was appointed as Non-Executive Director of the Company and as a member of the Company's Audit Committee.

The Non-Executive Independent Directors are considered by the Board as independent directors since they are free of any significant business relationship, family or other relationships with the Issuer, its controlling shareholder, or the management of either, that creates a conflict of interest such as to impair their judgement.

Corporate Governance – Statement of Compliance - continued

The Board of Directors - continued

The activities of the Board are exercised in a manner designed to ensure that it can effectively supervise the operations of the Company and protect the interests of bondholders and the shareholders. During the current financial period, meetings of the Board were held as frequently as considered necessary.

The Board members are notified of forthcoming meetings by the Company secretary (Dr Shaheryar Ghaznavi) with the issue of an agenda and supporting documents as necessary which are then discussed during the Board meetings.

The Board does not consider it necessary to institute separate committees for remuneration and nomination, as would be appropriate in an operating company. During the current financial year, the Board met three times and was attended by more than 75% of the Directors of the Company. During this year, the Board did not undertake a performance evaluation of its role in accordance with Article 7 of the Corporate Governance Code but intends to do so in the coming year.

Apart from setting the strategy and direction of the Company, the Board retains direct responsibility for approving and monitoring:

- the direct supervision, supported by expert professional advice as appropriate, on the issue and listing of bonds;
- that the proceeds of the bonds are applied for the purposes for which they were sanctioned as specified in the prospectus of the bonds issued;
- the proper utilisation of the resources of the Company;
- the annual financial report and financial statements, the relevant public announcements and the Company's compliance with its continuing listing obligations.

Remuneration statement

The Board confirms that the maximum annual aggregate emoluments that may be paid to the Directors pursuant to the Company's Memorandum and Articles of Association, was approved by the shareholders at the Annual General Meeting. None of the non-executive Directors has service contracts with the Company. Furthermore, the remuneration of two of the independent non-executive Directors is a fixed honorarium of €10,000 each per annum and for the other independent non-executive Director, a fixed honorarium of €13,000 per annum. The director's fees of the other non-executive Director who serves as a consultant within the Group are being recharged to the Company by the Group and is paid to a fellow subsidiary (see Note 16). The fixed remuneration as the Company's Directors also covers their services as the Company's Audit Committee. The executive Directors do not earn any fixed honorarium from the Company but have an indefinite full-time contract of service with the companies forming part of the db Group.

None of the Directors have any variable component remuneration relating to profit sharing, share options or pension benefits from the Company.

The Board further confirms that the Company does not intend to effect any changes to its remuneration policy for the following year.

Corporate Governance – Statement of Compliance - continued

Risk management and internal control

The Board is ultimately responsible for the Company's system of internal controls and for reviewing its effectiveness. The Directors are aware that internal control systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable, and not absolute, assurance against normal business risks.

During the financial year under review the Company operated a system of internal controls which provided reasonable assurance of effective and efficient operations covering all controls, including financial and operational controls and compliance with laws and regulations. Processes are in place for identifying, evaluating, and managing the significant risks facing the Company.

The Board recognizes that the Company must manage a range of risks in the course of its activities and in this respect maintains a sound risk management and internal control system which includes the determination of the nature and extent of the risks it is willing to take in achieving its strategic objectives.

The Board, in this financial period, established a formal and transparent arrangement to apply risk management and internal control principles, as well as maintaining an appropriate relationship with the Company's auditors.

The Board is adjourned periodically of the financial affairs and operational developments of the group entities to whom the Issuer has loaned the proceeds from the bond issue.

Audit Committee

During the current financial year, the Audit Committee met four times with 100% attendance.

The Audit Committee's primary objective is to assist the Board in fulfilling its responsibilities relating to risk, control, and governance as well as to review the financial reporting processes. The Board has set formal terms of reference of the Audit Committee that establish its composition, role, and functions. The Audit Committee is a subcommittee of the Board and is directly responsible and accountable to the Board. The Board reserves the right to change these terms of reference from time to time.

Furthermore, the Audit Committee has the role and function of scrutinizing and evaluating any proposed transaction to be entered into by the Company and a related party, to ensure that the execution of any such transaction is at arm's length and on a commercial basis and ultimately in the best interests of the Company.

As required by the Companies Act (Cap. 386) of the Laws of Malta and the Listing Authority Capital Markets Rules, the financial statements of SD Finance plc are subject to annual audit by its external auditors. Moreover, the Audit Committee has direct access to the external auditors of the Company, who attend the Board meetings at which the Company's financial statements are approved.

The Audit Committee is composed of three independent non-executive directors, in accordance with Capital Markets Rule 5.117. The members of the Audit Committee are Mr Stephen Muscat, Mr Kenneth Swain and Mr Vincent Micallef. Mr Stephen Muscat, who also acts as the Chairman of the Audit Committee, is a Certified Public Accountant and is considered by the Board to be both independent and competent in accounting as required in terms of the Capital Markets Rules.

Corporate Governance – Statement of Compliance - continued

Relations with bond holders and the market

Pursuant to the Company's statutory obligations in terms of the Companies Act (Cap. 386) of the Laws of Malta and the Listing Authority Capital Markets Rules, the Annual Financial Report and Financial Statements, the election of directors and approval of Directors' fees, the appointment of the auditors and the authorisation of the directors to set the auditors' fees, and other special business, are proposed and approved at the Company's Annual General Meeting.

The Company communicates with its bondholders by publishing its interim results for a six-month period during the year and by way of publication of the full year Audited Financial Statements. The Financial Analysis Summary is also published in September. Additionally, during the current financial period, the Company organised a specific session for Financial Intermediaries to explain the Company's results and those of the Group. During the period April 2025 to March 2026, the Company issued seventeen company announcements. The Board deems that it is providing the market with adequate information about its activities through these channels.

In this respect, the Directors are of the view that Principle Ten of the Code of Corporate Governance is not applicable to the Company.

Other information

In view of the size and type of operations of the Company, the Board does not consider the Company to require the setting up of a nomination committee.

During the financial year under review, no private interests or duties unrelated to the Company were disclosed by the Directors which were or could have been likely to place any of them in conflict with any interests in, or duties towards the Company.

The Company is a member of the db Group, which group has its own program for Corporate Social Responsibility initiatives.

Conclusion

The Board considers that the Company has generally been in compliance with the Principles throughout the year under review as befits a company of this size and nature.

Approved by the Board on 27 July 2026.

Robert Debono Director	Alan Debono Director

Statement of financial position
as at 31 March

	Note	2026 €	2025 €
ASSETS			
Non-current assets			
Loans receivable	4	**96,732,685**	64,332,686
Current assets			
Loans receivable	4	**1,747,262**	-
Receivables	5	**67,509**	67,523
Cash and cash equivalents	6	**2,091,554**	3,390,700
Total current assets		**3,906,325**	3,458,223
Total assets		**100,639,010**	67,790,909
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	7	**250,000**	250,000
Retained earnings		**83,768**	48,946
Total equity		**333,768**	298,946
Non-current liabilities			
Borrowings	8	**97,465,902**	64,890,518
Current liabilities			
Borrowings	8	**2,718,167**	2,570,454
Payables	9	**101,290**	29,810
Current tax liabilities		**19,882**	1,181
Total current liabilities		**2,839,340**	2,601,445
Total liabilities		**100,305,242**	67,491,963
Total equity and liabilities		**100,639,010**	67,790,909

The accompanying notes on pages 13 to 27 are an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 27 July 2026. The financial statements were signed on behalf of the Board of Directors by Robert Debono (Director) and Alan Debono (Director) as per the Directors' Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual Financial Report.

Robert Debono
Director

Alan Debono
Director

Statement of total comprehensive income
for the year ended 31 March

	Note	**2026** €	2025 €
Finance income	10	**3,834,571**	3,069,268
Finance costs	11	**(3,642,663)**	(2,929,146)
Net interest income		**191,908**	140,122
Administrative expenses	12	**(138,335)**	(133,912)
Profit before tax		**53,573**	6,210
Tax expense	14	**(18,751)**	(2,174)
Profit for the year		**34,822**	4,036
Other comprehensive income		**-**	-
Total comprehensive income for the year		**34,822**	4,036

The accompanying notes on pages 13 to 27 are an integral part of these financial statements.

Statement of changes in equity
for the year ended 31 March

	Share Capital	Retained Earnings	Total
	€	€	€
Balance at 1 April 2024	250,000	44,910	294,910
Profit for the year	-	4,036	4,036
Other comprehensive income	-	-	-
Total comprehensive income	-	4,036	4,036
Balance at 31 March 2025	**250,000**	**48,946**	**298,946**
Profit for the year	-	**34,822**	**34,822**
Other comprehensive income	-	-	-
Total comprehensive income	-	**34,822**	**34,822**
Balance at 31 March 2026	**250,000**	**83,768**	**333,768**

The accompanying notes on pages 13 to 27 are an integral part of these financial statements.

Statement of cash flows
for the year ended 31 March

	Note	2026	2025
		€	€
Cash flows from operating activities			
Interest received		**2,155,577**	3,202,695
Interest paid		**(3,257,396)**	(2,824,616)
Cash paid to service providers		**(197,277)**	(134,040)
Tax paid		**(50)**	(2,569)
Net cash (used in)/generated from operating activities		**(1,299,146)**	241,470
Cash flows used in investing activities			
Loans to related parties		**(32,400,000)**	-
Net cash used in investing activities		**(32,400,000)**	-
Cash flows from financing activities			
Net proceeds from issuance of bonds		**32,400,000**	-
Net cash generated from financing activities		**32,400,000**	-
Net movement in cash and cash equivalents		**(1,299,146)**	241,470
Cash and cash equivalents at beginning of the year		**3,390,700**	3,149,230
Cash and cash equivalents at end of the year	6	**2,091,554**	3,390,700

The accompanying notes on pages 13 to 27 are an integral part of these financial statements.

Notes to the financial statements

1. Summary of material accounting policies

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

1.1 Basis of preparation

These financial statements have been prepared in accordance with the requirements of International Financial Reporting Standards (IFRS) Accounting Standards as adopted by the EU and with the requirements of the Companies Act (Cap. 386) of the Laws of Malta. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires directors to exercise their judgment in the process of applying the Company's accounting policies (see Note 3 – Significant accounting estimates and judgments).

Standards, interpretations and amendments to published standards as endorsed by the European Union effective in the current year

During the current financial year, the Company adopted amendments to existing standards that are mandatory for the Company's accounting period beginning on 1 April 2025. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the Company's accounting policies impacting the Company's financial performance and position.

- Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates*: Lack of Exchangeability (issued on 15 August 2023)

The adoption of these standards and amendments did not have any material impact on the other disclosures or on the amounts reported in these financial statements.

Standards, interpretations and amendments to published standards as endorsed by the European Union but are not yet effective

Up to the date of approval of these financial statements, the following new standards and amendments to existing standards have been published but are not yet effective for the current reporting year and which the Company has not adopted early but plans to adopt upon their effective date.

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) (issued on 30 May 2024)
- *Contracts Referencing Nature-dependent Electricity* Amendments to IFRS 9 and IFRS 7 (issued on 18 December 2024)
- Annual Improvements Volume 11 (issued on 18 July 2024)
- IFRS 18 *Presentation and Disclosure in Financial Statements* (issued on 9 April 2024)

IFRS 18 was issued in April 2024 and replaces IAS 1 *Presentation of Financial Statements*. The standard introduces new requirements for the presentation and disclosure of information in the financial statements, particularly in the statement of profit or loss.

IFRS 18 introduces:

- new defined subtotals, including operating profit and profit before financing and income taxes;
- a requirement to classify income and expenses into operating, investing and financing categories; and
- new disclosure requirements for management-defined performance measures (MPMs).

The standard is effective for annual periods beginning on or after 1 January 2027, with early application permitted.

The Company is currently assessing the impact that the adoption of IFRS 18 will have on its financial statements.

1. Summary of material accounting policies - continued

1.1 Basis of preparation - continued

Standards, interpretations and amendments that are not yet endorsed by the European Union, are not yet effective and not early adopted

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are not yet endorsed by the European Union. In the opinion of the Directors, the adoption of these standards will not have significant impact on the financial statements of the Company.

- IFRS 19 *Subsidiaries without Public Accountability: Disclosures* (issued on 9 May 2024)
- IFRS 20 Regulatory Assets and Regulatory Liabilities (issued on 27 May 2026)
- Amendments to IFRS 19 *Subsidiaries without public accountability: Disclosures* (issued on 21 August 2025)
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Translation to a Hyperinflationary Presentation Currency (issued on 13 November 2025)

Going concern
The financial statements have been prepared on a going concern basis. In making this assessment, the directors considered the Group's financial performance, liquidity position, cash flow forecasts and funding arrangements.

The directors also considered the ongoing geopolitical environment and its potential impact on the Group's operations, financial position and performance. Management's assessment identified no direct material impact. However, Management continues to monitor potential indirect effects on the Group's operations, cost base and market conditions.

The 2017 €65 million bond issued by the Group are due for repayment in April 2027. In assessing, the Group's ability to continue as a going concern, management considered amongst others the cash and cash equivalents balance at year end, the successful issue of two bond tranches in May 2026 totalling €27 million, the expected future cash flows, including those arising from operating activities, contracted disposal of property held within inventories, together with available liquidity and refinancing options.

Based on this assessment, Management is satisfied that the Group will have sufficient resources to meet its obligations as they fall due, including the repayment of the bonds and related intercompany balances Accordingly, the directors consider it appropriate to prepare the financial statements on a going concern basis.

1.2 Foreign currency translation

Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Euro which is the Company's functional and presentation currency.

1.3 Financial assets

1.3.1 Classification

The Company classifies its financial assets as financial assets measured at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The Company classifies its financial assets as at amortised cost only if both the following criteria are met:

- The asset is held within a business model whose objective is to collect the contractual cash flows, and
- The contractual terms give rise to cash flows that are solely payments of principal and interest.

Notes to the financial statements - continued

1. Summary of material accounting policies - continued

1.3 Financial assets - continued

1.3.1 Classification - continued

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular year of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as a profit margin that is consistent with the basic lending arrangement.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

The Company's financial assets include cash and cash equivalents, receivables and loans receivable.

1.3.2 Initial recognition and measurement

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

At initial recognition, the Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

1.3.3 Subsequent measurement

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as a separate line item in the statement of profit or loss.

1.3.4 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

1.3.5 Expected credit losses

The Company assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Company's financial assets are subject to the expected credit loss model.

1. Summary of material accounting policies - continued

1.3 Financial assets - continued

1.3.5 Expected credit losses - continued

Expected credit loss model

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, and it considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter year if the expected life of the instrument is less than 12 months). The maximum year considered when estimating ECLs is the maximum contractual year over which the company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data such as significant financial difficulty of the borrower or issuer, or a breach of contract such as a default or being more than 90 days past due.

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

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For the cash and cash equivalents, receivables, and loans receivable, the expected credit losses are immaterial.

1.4 Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less expected credit loss allowances.

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

Notes to the financial statements - continued

1. Summary of material accounting policies - continued

1.5 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at face value. In the statement of cash flows, cash and cash equivalents include cash in hand and deposits held at call with banks with original maturity of less than three months.

1.6 Share capital

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

1.7 Financial liabilities

The Company recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument. The Company's financial liabilities are classified as at amortised cost under IFRS 9. Financial liabilities at amortised cost are recognised initially at fair value, being the fair value of the consideration received, net of transaction costs that are directly attributable to the acquisition or the issue of the financial liability. These liabilities are subsequently measured at amortised cost. The Company derecognises a financial liability from its statement of financial position when the obligation specified in the contract or arrangement is discharged, is cancelled, or expires.

The Company's financial liabilities include borrowings and payables.

1.8 Borrowings

Borrowings are recognised initially at the fair value of proceeds received net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the year of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

Transaction costs are incremental costs that are directly attributable to the issue of the financial liability and are those costs that would not have been incurred if the Company had not issued the financial instrument.

1.9 Payables

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

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

1.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Notes to the financial statements - continued

1. Summary of material accounting policies - continued

1.11 Current tax

The tax expense for the year is comprised of current tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively.

1.12 Interest income and expense

Interest income and expense are recognised in profit or loss for all interest-bearing financial instruments using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and transaction costs paid or received between the parties to the contract that are an integral part of the effective interest rate method. Accordingly, interest expense includes the effect of amortising any difference between net proceeds and redemption value in respect of the Company's interest-bearing borrowings.

1.13 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Notes to the financial statements - continued

2. Financial risk management

2.1 Financial risk factors

The Company constitutes a financing special purpose vehicle whose bond proceeds were loaned to SD Holdings Limited (parent undertaking), Hotel San Antonio Limited, and Seabank Hotel and Catering Limited (fellow subsidiaries of the Issuer). The Company's principal risk exposures relate to credit risk and liquidity risk. The Company is not exposed to currency risk and the Directors deem interest rate risk exposure to be minimal due to the matching of its interest costs on the bonds with its interest income from its loans and receivables referred to above.

(a) Credit risk

Credit risk primarily arises from loans receivable from SD Holdings Limited, Hotel San Antonio Limited, and Seabank Hotel and Catering Limited (Note 4), receivables (Note 5) and cash and cash equivalents (Note 6). These financial assets potentially subject the Company to concentrations of credit risk.

The maximum exposure to credit risk at the end of the reporting year in respect of the Company's financial assets is equivalent to their carrying amount, which is analysed as follows:

	2026	2025
	€	€
Financial assets measured at amortised cost:		
Loans receivable from parent undertaking and fellow subsidiaries (Note 4)	**98,479,947**	64,332,686
Receivables (Note 5)	**67,509**	67,509
Cash and cash equivalents (Note 6)	**2,091,554**	3,390,700
	100,639,010	67,790,895

Cash and cash equivalents

The Company's cash and cash equivalents are held with a local financial institution with high quality standing or rating and are due to be settled on demand. Management considers the probability of default to be close to zero as the financial institutions have a strong capacity to meet their contractual obligations in the near term. As a result, while cash and cash equivalents are subject to the impairment requirements of IFRS 9, the identified impairment loss is insignificant.

Loans receivable and other amounts owed by related parties

The Company's loans receivable consists of loans to related parties forming part of the db Group (refer to Note 4) which have been effected out of the Company's bond issue proceeds. The Company monitors intra-group credit exposures on a regular basis and ensures timely performance of these assets in the context of overall group liquidity management. The Guarantor in relation to the bond issue (SD Holdings Limited) is in fact one of the borrowers. The Company assesses the credit quality of db Group taking into account financial position, performance, and other factors. Management does not expect any losses from non-performance or default.

Notes to the financial statements - continued

2. Financial risk management - continued

2.1 Financial risk factors - continued

(a) Credit risk - continued

Loans receivable and other amounts owed by related parties - continued

Loans receivable from related parties are categorised as Stage 1 for IFRS 9 purposes (i.e., performing) in view of the factors highlighted above. The expected credit loss allowances on such loans are based on the 12-month probability of default, capturing 12-month expected losses.

In assessing the expected credit losses, the Company's Directors considered both historical and forward-looking information, including financial performance (gearing ratios and reserves) of the respective entities as well as the Group's projected cash flows and available financing arrangements. On 31 March 2026, the Directors reviewed the Company's financial assets particularly the loans to related parties (see Note 4) and applied judgement in determining the appropriate expected credit loss provisions under IFRS 9.

Management's assessment includes consideration of the borrowers' ability to generate sufficient operating cash flows and access funding to meet their obligations as they fall due, taking into account current trading performance and forecast results. Following the assessment, all the Company's financial assets are considered to have low credit risk and a low risk of default. In this respect, the loss allowance was deemed immaterial to be recognised in the balance sheet as at 31 March 2026.

The Company's other receivables mainly include interest receivable from the Company's parent and other related parties in respect of the loans referred to previously. Since such balances are repayable on demand, expected credit losses are based on the assumption that repayment of the balance is demanded at the reporting date. Accordingly, the expected credit loss allowance attributable to such balances is insignificant.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The receivables from related parties indicate concentration risk. These receivables are primarily from entities operating in the same industry and geographical location, which may expose the Company to heightened risks associated with economic fluctuations, industry-specific downturns, and regulatory changes.

This concentration is monitored on an ongoing basis through management's review of the borrowers' financial performance, liquidity position and their ability to generate sufficient cash flows to meet obligations as they fall due, taking into account the Group's overall funding position.

(b) Liquidity risk

The Company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally the bonds issued to the general public and other payables (refer to Notes 8 and 9 respectively). Prudent liquidity risk management includes maintaining sufficient cash and liquid assets to ensure the availability of an adequate amount of funding to meet the Company's obligations.

The Company's liquidity risk is managed actively by ensuring that cash inflows arising from expected maturities of the Company's loans to related parties effected out of the bond issue proceeds, together with any related interest receivable, match the cash outflows in respect of the Company's bond borrowings, covering principal and interest payments, as referred to in Note 8 and reflected in the table below.

Notes to the financial statements - continued

2. Financial risk management - continued

2.1 Financial risk factors - continued

(b) Liquidity risk - continued

The following table analyses the Company's financial liabilities into relevant maturity groupings based on the remaining year at the reporting date to the contractual maturity date. The amounts disclosed in the tables below are the contractual undiscounted future cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	€	€	€	€	€
31 March 2026					
Borrowings	**4,543,500**	**68,628,354**	**36,269,933**	**-**	**109,441,788**
Payables (Note 9)	**101,290**	**-**	**-**	**-**	**101,290**
	4,644,790	**68,628,354**	**36,269,933**	**-**	**109,543,077**
31 March 2025					
Borrowings	2,827,500	67,827,500	-	-	70,655,000
Payables (Note 9)	29,810	-	-	-	29,810
	2,857,310	67,827,500	-	-	70,684,810

2.2 Capital risk management

The Group's objectives when managing capital at subsidiary level are to safeguard the respective Companies' ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may issue new shares or adjust the amount of dividends paid to shareholders.

The Company's equity, as disclosed in the statement of financial position, constitutes its capital. The Company maintains its level of capital by reference to its financial obligations and commitments arising from operational requirements. Taking cognisance of the nature of the Company's assets, backing the Company's principal borrowings, the Capital level at the end of the reporting year is deemed adequate by the Directors.

2.3 Fair values of financial instruments

At 31 March 2026, the carrying amounts of cash at bank, receivables, payables and accrued expenses 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 €76,020,124 as at 31 March 2026, compared to a carrying amount of €98,479,947. 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 8 to the financial statements. The fair value estimate in this respect is deemed Level 1 as it constitutes a quoted price in an active market.

3. Significant accounting estimates and judgments

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Use of available information and application of judgement are inherent in the formation of estimates. Actual results in the future could differ from such estimates and the differences may be material to the financial statements. These estimates are reviewed on a regular basis and, if a change is needed, it is accounted for in the year the changes are known.

Except for the below, in the opinion of the Directors, the accounting judgments, estimates and assumptions made in the course of preparing these financial statements are not difficult, subjective, or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

Provision for expected credit losses of loans receivable

The Company assesses the credit risk of loans receivable for significant increase since initial recognition at the reporting date. If there is a significant increase in credit risk, lifetime ECL is recognised. The principle of significant deterioration in credit risk is achieved by performing an assessment to compare the risk of default occurring at the reporting date with the risk of default occurring at the date of initial recognition, by reference to an analysis of the financial performance and position of related party borrowers. The assessment of ECLs is a significant estimate since the amount thereof is sensitive to changes in circumstances and of forecast economic conditions. As at 31 March 2026, the ECL was deemed immaterial to be recognised on the loans receivable.

4. Loans receivable

	2026	2025
	€	€
Non-current		
Loan to parent	**33,888,101**	1,488,101
Loans to fellow subsidiaries	**62,844,584**	62,844,585
	96,732,685	64,332,686
Current		
Accrued interest receivable	**1,747,262**	-
	98,479,947	64,332,686

The loans receivable represents the proceeds from the bond issue (see Note 8) which have been loaned by the Company to SD Holdings Limited (the Company's parent undertaking and guarantor of the bonds) and to Hotel San Antonio Limited and Seabank Hotel and Catering Limited (both fellow subsidiaries of the Issuer). The principal purposes for these loans were the re-financing of existing banking facilities of the respective borrower, the financing of the redemption of certain redeemable preference shares of Seabank Hotel and Catering Limited, and for the general corporate funding purposes of the db Group as the need arises in the ordinary course of business.

These loans are subject to interest at a fixed interest rate of 4.55% (2025: 4.55%), with an additional renewal fee, which is charged on the loans at a floating rate at the discretion of the Directors of the Issuer (see Note 10). Both the interest and renewal fee are repayable every 10th April of each year.

During the reporting period, the element of the floating rate was 0.50% (2025: 0.22%). Renewal fees recognised as part of Finance income amounted to €161,272 (2025: €142,131) (see Note 10). The loans are unsecured and repayable by not later than 10 April 2027.

Notes to the financial statements – continued

4. Loans receivable - continued

In October 2025, the Company entered into an agreement to lend an additional €32.4 million to SD Holdings Limited. This was used to settle existing intercompany balances and to provide general corporate funding to the db Group. The loan bears interest at a fixed annual rate of 5.50% repayable every 15th January of each year. The loan is unsecured, and is payable no later than 15 January 2031.

5. Receivables

	2026	2025
	€	€
Current		
Amounts owed by parent	**1,632**	1,632
Amounts owed by fellow subsidiaries	**65,877**	65,877
Prepayments	-	14
	67,509	67,523

Amounts owed by parent and fellow subsidiaries pertains to accrued renewal fees which are repayable every 10th April of each year (see Note 4).

6. Cash and cash equivalents

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

	2026	2025
	€	€
Cash at bank	**2,091,554**	3,390,700

7. Share capital

	2026	2025
	€	€
Authorised		
250,000 ordinary shares of €1 each	**250,000**	250,000
Issued and fully paid		
250,000 ordinary shares of €1 each	**250,000**	250,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

8. Borrowings

	2026	2025
	€	€
Non-current		
650,000 4.35% Bonds 2017-2027	**64,992,445**	64,890,518
330,000 5.20% Bonds 2025-2031	**32,473,457**	-
	97,465,902	64,890,518
Current		
650,000 4.35% Bonds 2017-2027	**(102,751)**	(106,712)
330,000 5.20% Bonds 2025-2031	**(91,748)**	-
Accrued interest payable	**2,912,666**	2,677,166
	2,718,167	2,570,454
	100,184,069	67,460,972

The current portion of the bonds represents unamortised bond issue costs which will be amortised in the next 12 months.

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

	2026	2025
	€	€
Original face value of bonds issued	**98,000,000**	65,000,000
Gross amount of bond issue costs	**(1,576,897)**	(924,036)
Accumulated amortization	**848,300**	707,842
Unamortised bond issue costs	**(728,597)**	(216,194)
Accrued interest payable	**2,912,666**	2,677,166
Closing carrying amount of the bonds	**100,184,069**	67,460,972
Analysed as follows:		
650,000 4.35% Bonds 2017-2027	**64,596,210**	67,460,972
330,000 5.20% Bonds 2025-2031	**35,587,859**	-
	100,184,069	67,460,972

650,000 4.35% Bonds 2017-2027

By virtue of an offering memorandum dated 27 March 2017, the Company issued €65,000,000 bonds with a face value of €100 each. The bonds have a coupon interest of 4.35% which is payable annually in arrears, on 25 April of each year. The bonds are redeemable at par and are due for redemption on 25 April 2027. The bonds are guaranteed by SD Holdings Limited, which has bound itself jointly and severally liable with the issuer, for the repayment of the bonds and interest thereon, pursuant to and subject to the terms and conditions in the offering memorandum. There are no guarantee fees charged by SD Holdings Limited to the Company. The bonds were admitted on the Official List of the Malta Stock Exchange on 4 May 2017. The quoted market price as at 31 March 2026 for the bonds was €97.37 (2025: €99.5). The fair value of these financial liabilities as at 31 March 2026 amounts to €63,290,500 (2025: €64,675,000).

In accordance with the provisions of the prospectus, the proceeds from the bond issue have been loaned by the Company to related parties (refer to Note 4).

8. **Borrowings** - continued

330,000 5.20% Bonds 2025-2031

During the year, the Company established an unsecured bond issuance programme of up to €60,000,000 guaranteed by SD Holdings Limited.

On 3 October 2025, approval from the Malta Financial Services Authority was obtained for the issuance of Series 1 Tranche 1, comprising 330,000 bonds with face value of €100 each, for an aggregate nominal value of €33,000,000. The bonds have a coupon interest of 5.20% 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 were admitted to listing on the Malta Stock Exchange on 12 November 2025.

The quoted market price as at 31 March 2026 of the bonds was €101.15, resulting in a fair value of €33,379,500.

The proceeds from the bond issue have been loaned by the Company to related parties (refer to Note 4) and utilised for general corporate funding purposes.

As of 31 March 2026, bonds with a face value of €40,000 were held by a company director.

9. **Other payables and accruals**

	2026	2025
	€	€
Current		
Other accruals	**26,479**	21,605
Amounts owed to fellow subsidiaries	**71,502**	4,593
Other payables	**3,309**	3,612
	101,290	29,810

Amounts owed to fellow subsidiaries pertain to Director's fees recharged by the Group (refer to Note 16).

10. **Finance income**

	2026	2025
	€	€
Interest income on loan to parent:		
Fixed interest income	**813,870**	67,708
Variable renewal fee	**4,435**	3,341
Interest income on loans to fellow subsidiaries:		
Fixed interest income	**2,859,429**	2,859,429
Variable renewal fee	**156,837**	138,790
	3,834,571	3,069,268

The increase in finance income during the year mainly reflects an additional loan to the parent undertaking in October 2025, together with higher renewal fee rate (see Note 4).

11. **Finance costs**

	2026	2025
	€	€
Nominal interest on bonds	**3,492,896**	2,827,500
Amortization of bond issue costs	**149,767**	101,646
	3,642,663	2,929,146

Notes to the financial statements - continued

12. Expenses by nature

	2026 €	2025 €
Directors' fees (Note 13)	**43,117**	43,073
Listing and related compliance costs	**55,221**	46,909
Legal and professional fees	**38,564**	39,330
Other expenses	**1,433**	4,600
Total administrative expenses	**138,335**	133,912

Auditor's fees

Fees charged by the auditor for services rendered during the financial years ended 31 March 2026 and 2025 relate to the following:

	2026 €	2025 €
Annual statutory audit	**22,000**	15,500

During the current year, fees in relation to non-assurance services amounting to €900 (2025: €1,000) have been charged by connected undertakings of the Company's auditor, in respect of tax advisory and compliance services.

13. Directors' emoluments

	2026 €	2025 €
Directors' fees	**43,117**	43,073

14. Tax expense

	2026 €	2025 €
Current taxation		
Current tax expense	**18,751**	2,174

The tax on the Company's profit before tax is the same as the theoretical amount that would arise using the basic tax rate as follows:

	2026 €	2025 €
Profit before tax	**53,573**	6,210
Tax on profit at 35%	**18,751**	2,174

15. Net debt reconciliation

Net debt pertains to the Company's borrowings which include the principal of the bonds net of unamortised bond issue costs and the related interest payable. Other than as disclosed in Note 8 'Borrowings' with respect to the amortisation of bond issue costs and payment of interest, and the additional loan of €32.4 million during the year as disclosed in Note 4, there were no further movements in the Company's net debt.

16. Related parties

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.

Transactions with companies forming part of db Group principally include loans during prior periods, as disclosed in Note 4 to the financial statements. Interest income and renewal fees earned from these loans is disclosed in Note 10. Other year end balances with related parties are disclosed separately in Note 5 and Note 9 and such balances are unsecured, interest free and repayable on demand.

Part of the Director's fees are being recharged to the Company by the Group and is paid to a fellow subsidiary (see Note 13). The Group also provides certain accounting and management services to the Company that is not being recharged to the Company.

Key management personnel comprises the Directors of the Company. Key management personnel compensation, consisting of remuneration to the Company's Directors, has been disclosed in Note 13.

17. Subsequent events

On 27 May 2026, the Company issued additional bonds under its €60,000,000 unsecured bond issuance programme comprising:

- Series 1 Tranche 2: 200,000 bonds with a nominal value of €100 each, amounting to €20,000,000 and
- Series 1 Tranche 3: 70,000 bonds with a nominal value of €100 each, amounting to €7,000,000.

The bonds carry a coupon of 5.20% payable annually in arrears and are redeemable at par on 15 February 2031. These tranches are fully fungible with the existing Series 1 Tranche 1 bonds (see Note 8).

The quoted market price of the Series 1 Tranche 3 bonds on 29 May 2026, being the first quoted trading date, was €100.50, while the Series 1 Tranche 2 bonds were quoted at €100.49 on 11 June 2026.

These issuances occurred after the reporting date and have not been recognised in the financial statements.

There were no other events subsequent to year end which would require adjustment to or disclosure in the annual financial statements of the Company.

18. Statutory information

SD Finance plc is a limited liability company and is incorporated in Malta, with its registered address at Seabank Hotel, Marfa Road, Mellieha, MLH 9064, Malta.

The immediate and ultimate parent company of SD Finance plc is SD Holdings Limited, a company registered in Malta, with its registered address at db Seabank Resort & Spa, Marfa Road, Mellieha Bay, Mellieha, MLH 9064, Malta.

The ultimate beneficial owner of SD Holdings Limited is Silvio Debono and Veronica Debono.

Building a better working world

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INDEPENDENT AUDITOR'S REPORT

to the Shareholders of S.D. Finance plc

Report on the audit of the financial statements

Opinion

We have audited the financial statements of S.D. Finance plc (the "Company"), set on pages 9 to 27, which comprise the statement of financial position as at 31 March 2026, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2026, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS"), and the Companies Act, Cap. 386 of the Laws of Malta (the "Companies Act").

Basis for opinion

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

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INDEPENDENT AUDITOR'S REPORT

to the Shareholders of S.D. Finance plc

Report on the audit of the financial statements - continued

Key audit matters incorporating the most significant risks of material misstatements, including assessed risk of material misstatements due to fraud

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Recoverability of loans receivable from related parties

The loans receivable represent loans to SD Holdings Limited (the Parent of the Company and the Guarantor of the bonds issued by the Company) amounting to Eur33.9m and to Seabank Hotel and Catering Limited and Hotel San Antonio Limited (fellow subsidiaries) amounting to Eur62.8m.

As disclosed in Note 1.3.5, Note 2.1, Note 3 and Note 4 to the financial statements, the Company assesses whether the loans receivable are impaired at each reporting date.

Reasons for designation as a KAM

The loans receivable which were financed through the bond issue are the primary asset of the Company, comprising 98% of the total assets of the Company.

Audit procedures

Our audit procedures over the recoverability of loans receivable from related parties included amongst others:

- Obtaining and agreeing the salient terms and conditions to the underlying loan agreements supporting the loans receivable from the Company's parent and from fellow subsidiaries;
- Assessing the reasonableness of key assumptions and considerations in assessing the recoverability of loans receivable including amongst others analysis of the latest financial information of the borrowers and the cashflow forecasts prepared by management;
- Assessing the relevance and adequacy of disclosures relating to the Company's recoverability of loans receivable from related partes presented in Note 1.3.5, Note 2.1, Note 3 and Note 4 to the financial statements.

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INDEPENDENT AUDITOR'S REPORT

to the Shareholders of S.D. Finance plc

Report on the audit of the financial statements - continued

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon.
Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon other than our reporting on other legal and regulatory requirements.

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

Responsibilities of the Directors and those charged with governance for the financial statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of the Companies Act and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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INDEPENDENT AUDITOR'S REPORT

to the Shareholders of S.D. Finance plc

Report on the audit of the financial statements - continued

Auditor's responsibilities for the audit of the financial statements

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

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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INDEPENDENT AUDITOR'S REPORT
to the Shareholders of S.D. Finance plc

Report on other legal and regulatory requirements

Matters on which we are required to report by the Companies Act

Directors' report

We are required to express an opinion as to whether the Directors' report has been prepared in accordance with the applicable legal requirements. In our opinion the Directors' report has been prepared in accordance with the Companies Act.

In addition, in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Directors' report. We have nothing to report in this regard.

Other requirements

We also have responsibilities under the Companies Act to report if in our opinion:

- proper accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns;
- we have not received all the information and explanations we require for our audit.

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

Appointment

We were appointed as the statutory auditor on 1 December 2023. The total uninterrupted engagement period as statutory auditor, including renewals and reappointments amounts to three years.

Consistency with the additional report to the audit committee

Our audit opinion on the financial statements expressed herein is consistent with the additional report to the audit committee of the Company which was issued on the same date as this report.

Non-audit services

No prohibited non-audit services referred to in Article 18A(1) of the Accountancy Profession Act, Cap. 281 of the Laws of Malta were provided by us to the Company and we remain independent of the Company as described in the Basis for opinion section of our report.

No other services besides statutory audit services and services disclosed in the annual report and in the financial statements, were provided by us to the Company.

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INDEPENDENT AUDITOR'S REPORT

to the Shareholders of S.D. Finance plc

Report on other legal and regulatory requirements - continued

Report on compliance with the requirements of the European Single Electronic Format Regulatory Technical Standard (the "ESEF RTS"), by reference to Capital Markets Rule 5.55.6

We have undertaken a reasonable assurance engagement in accordance with the requirements of Directive 6 issued by the Accountancy Board in terms of the Accountancy Profession Act (Cap. 281) - the Accountancy Profession (European Single Electronic Format) Assurance Directive ("the ESEF Directive 6") on the annual financial report of the Company for the year ended 31 March 2026, entirely prepared in a single electronic reporting format.

Responsibilities of the Directors
The Directors are responsible for the preparation of the annual financial report, including the financial statements, by reference to Capital Markets Rule 5.56A, in accordance with the requirements of the ESEF RTS.
Our responsibilities
Our responsibility is to obtain reasonable assurance about whether the annual financial report, including the financial statements, comply in all material respects with the ESEF RTS based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with the requirements of ESEF Directive 6.
Our procedures included:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the annual financial report in XHTML format.
- Examining whether the annual financial report has been prepared in XHTML format.

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

Opinion
In our opinion, the annual financial report for the year ended 31 March 2026 has been prepared in XHTML format in all material respects.

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INDEPENDENT AUDITOR'S REPORT

to the Shareholders of S.D. Finance plc

Report on other legal and regulatory requirements - continued

Matters on which we are required to report by the Capital Markets Rules

Corporate governance statement
The Capital Markets Rules issued by the Malta Financial Services Authority ("MFSA") require the Directors to prepare and include in their annual report a statement of compliance providing an explanation of the extent to which they have adopted the Code of Principles of Good Corporate Governance and the effective measures that they have taken to ensure compliance throughout the accounting period with those Principles.

The Capital Markets Rules also require the auditor to include a report on the statement of compliance prepared by the Directors. We are also required to express an opinion as to whether, in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified material misstatements with respect to the information referred to in Capital Markets Rules 5.97.4 and 5.97.5.

We read the statement of compliance and consider the implication for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements included in the annual report. Our responsibilities do not extend to considering whether this statement is consistent with the other information included in the annual report.

We are not required to, and we do not, consider whether the Board's statements on internal control included in the statement of compliance cover all risks and controls, or form an opinion on the effectiveness of the Company's governance procedures or its risk and control procedures.

In our opinion:

- the corporate governance statement set out on pages 5 to 8 has been properly prepared in accordance with the requirements of the Capital Markets Rules issued by the MFSA
- in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit the information referred to in Capital Markets Rules 5.97.4 and 5.97.5 are free from material misstatement

Other requirements
Under the Capital Markets Rules, we also have the responsibility to review the statement made by the Directors, set out on page 4, that the business is a going concern, together with supporting assumptions or qualifications as necessary.

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

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

Ernst & Young Malta Limited
Certified Public Accountants

27 July 2026