SD FINANCE plc

A Company registered in Malta having registration Number C 79193
Registered Address: Seabank Hotel, Marfa Road, Mellieha MLH 9064

COMPANY ANNOUNCEMENT

Publication of Financial Analysis Summary

The following is a Company Announcement issued by SD Finance p.l.c. pursuant to the Capital Markets Rules of the Malta Financial Services Authority.

Quote

SD Finance p.l.c. announces that the Financial Analysis Summary, dated 25th September 2026 prepared by M.Z. Investment Services Limited is available for viewing hereunder.

Unquote

Shaheryar Ghaznavi
Company Secretary

25th September 2026
Ref: SDA109

FINANCIAL ANALYSIS SUMMARY

25 September 2026

ISSUER

SD FINANCE PLC

(C 79193)

GUARANTOR

SD HOLDINGS LIMITED

(C 40318)

Prepared by:

MZ INVESTMENTS

MZ INVESTMENTS

M.Z. Investment Services Limited
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The Directors
SD Finance plc
Seabank Hotel
Marfa Road, Għadira
Mellieħa MLH 9064
Malta

25 September 2026

Dear Board Members,

Financial Analysis Summary

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

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

(a) Historical information for the most recent three financial years ended 31 March 2024, 31 March 2025, and 31 March 2026 has been extracted from the respective audited annual financial statements.

(b) The forecasts for the financial year ending 31 March 2027 have been provided by the Group.

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

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

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

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This Analysis is meant to assist existing and potential investors in the Issuer's securities by summarising the more important financial information of the Group. This Analysis does not contain all data that is relevant to investors. Furthermore, it does not constitute an endorsement by our firm of any securities of the Issuer and should not be interpreted as a recommendation to invest or not invest in any of the Issuer's securities. We will not accept any liability for any loss or damage arising out of the use of this Analysis. As with all investments, investors are encouraged to seek professional advice before investing in the Issuer's securities.

Yours faithfully,

Evan Mohnani
Head of Corporate Broking

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PART 1 – INFORMATION ABOUT THE GROUP

1. ABOUT THE ISSUER AND THE GROUP

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

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

Following its growth and success in Malta, and as part of its ongoing strategy to pursue new investment opportunities, the Group took a strategic decision in 2022 to expand internationally and, in this context, established an office in Mayfair, London ("**SDH Capital**"). Consequently, the Group secured a 35-year lease on a historic listed building in Cavendish Square, Marylebone, located in the heart of London's West End. Following extensive restoration and renovation works, supported by a total investment of around GBP15 million, the property has been transformed into an exclusive Aki-branded establishment comprising a lounge, bar, and restaurant serving a unique gastronomical haute Japanese cuisine experience. **Aki London** was inaugurated on 30 September 2025 and has since established itself as a high-profile restaurant and events venue, attracting considerable coverage from established media outlets and specialist publications, apart from gaining inclusion in the Michelin Guide less than a year after opening.

Another recent landmark initiative by the Group, through the London office, has been the creation of a 50% - 50% joint venture with RAK Hospitality Holding LLC ("**RAKHH**").[2] The joint venture – HR Hotel FZ-LLC – will pursue the **RAK Project** which shall comprise a strategically positioned mixed-use development located on a prime beachfront plot in Ras Al Khaimah's Beach District, in proximity of Al Marjan Island.[3] The development will incorporate the first Hard Rock Hotel & Residences in the UAE,

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[1] Lifestyle Group encapsulates the Group's diverse restaurant operations, comprising a dynamic portfolio of well-known brands, each offering a unique and differentiated experience. In the refined dining space, it features sophisticated establishments like Aki, Amami, Colette, LOA, and TORA. The day-life segment is characterised by vibrant venues such as Manta, Blu Beach Club, and Nine Lives. For casual dining, Lifestyle Group offers a wide range of tastes with convenience and quality through brands like Westreme, Amami Food Bar, and Verani.

[2] Established in 2014 and owned by the Investment and Development Office of the Government of Ras Al Khaimah, RAKHH is the leading hospitality firm in one of the emirates forming the United Arab Emirates ("**UAE**"). RAKHH encompasses a wide spectrum of businesses including luxury, upper-upscale, and upscale hotels, leisure and entertainment venues, a variety of dining establishments, employee accommodation solutions, and logistics services. RAKHH also operates a dedicated event management company and provides real estate and hospitality asset management and advisory services across the Middle East region and beyond. RAKHH is also developing the Wynn Al Marjan Island project, in partnership with Marjan and Wynn Resorts, introducing the first integrated resort in the UAE.

[3] Ras Al Khaimah is increasingly emerging as a strategic investment destination, located just a short drive from the cities of Dubai and Abu Dhabi, underpinned by top-tier infrastructure, nature-driven tourism, and 7,000-year cultural heritage, attracting investment capital across diverse sectors including hospitality, residential real estate, retail, and mixed-use development projects.

and will feature a 304-key five-star hotel and 422 branded residences ("**Hard Rock Hotel & Residences Ras Al Khaimah**"). The hotel will include several restaurants offering diverse cuisines and 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 completion of the RAK Project in 2029, the Group is expected to be appointed as operator of the Hard Rock Hotel & Residences Ras Al Khaimah.

2. DIRECTORS OF THE ISSUER

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

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

3. DIRECTORS OF THE GUARANTOR

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

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

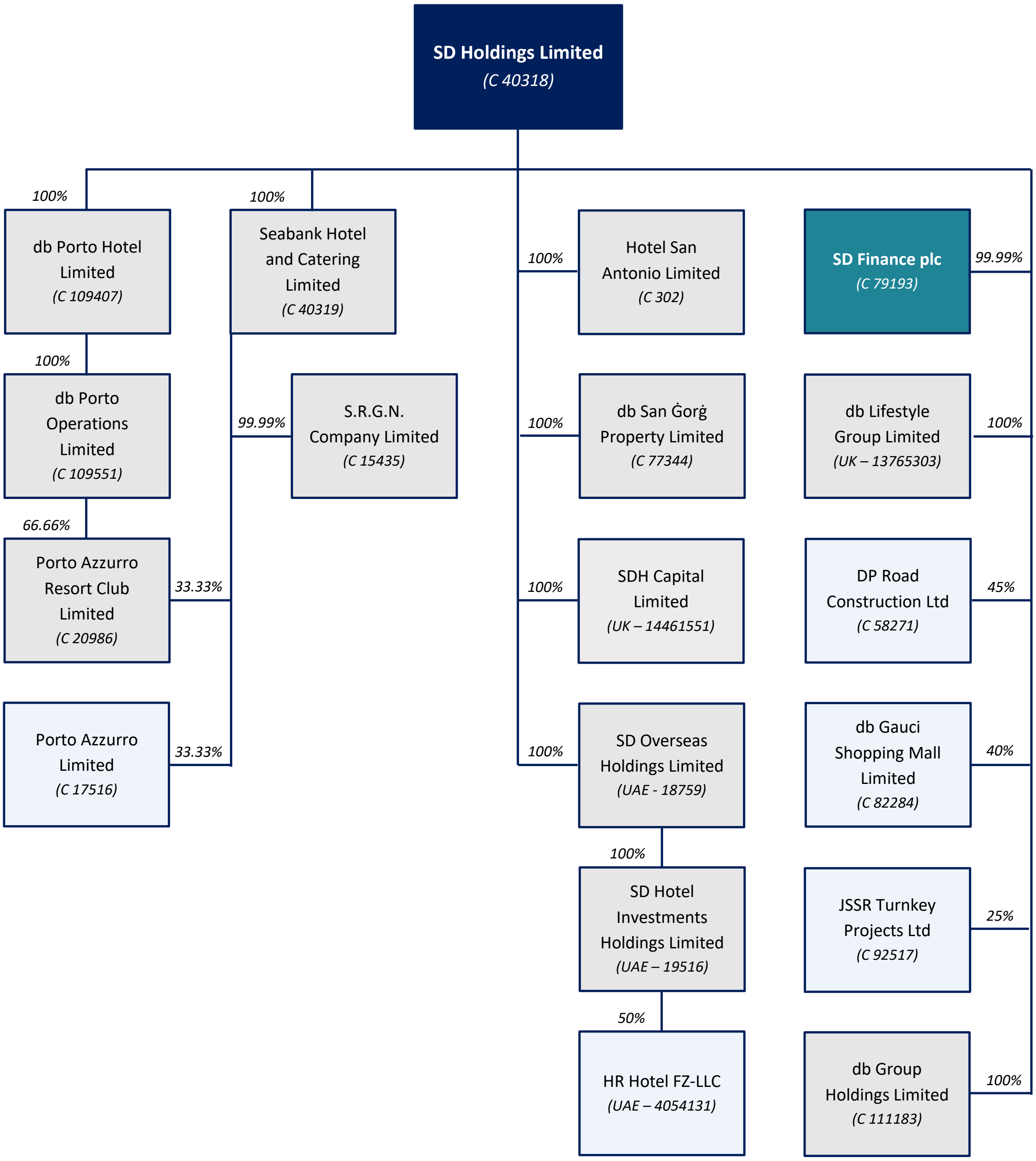
4. GROUP SENIOR MANAGEMENT

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

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

5. GROUP ORGANISATIONAL STRUCTURE

The diagram below provides a simplified illustration of SD Holdings' organisational structure as at 31 March 2026. A complete list of the Group's subsidiaries is set out in Note 8 – Investment in Subsidiaries of the 2026 Annual Financial Statements, which is available at https://www.dbgroupmalta.com/investors/.



Hotel San Antonio Limited owns and operates the db San Antonio Hotel + Spa ("**San Antonio**"). Seabank Hotel and Catering Limited owns and operates the db Seabank Resort + Spa ("**Seabank**"), whilst its subsidiary S.R.G.N. Company Limited holds title by ownership, lease, or emphyteusis, and operates, all Lifestyle Group restaurants and establishments.

db Porto Hotel Limited owns the **Xemxija Bay Hotel**, while its subsidiary, db Porto Operations Limited, is responsible for the hotel's day-to-day operations.

db Group Holdings Limited is the immediate parent company of several entities involved in: (i) the **St George's Bay Project**[4]; (ii) construction, finishing, and turnkey project services; (iii) the operation of the Charles & Ron Cafeteria and the EL&N London, GROM, and Starbucks franchises, among others; (iv) the management of agreements relating to the Hard Rock franchise outlets in Malta; (v) the ownership of royalty rights over db Hotels + Resorts and other branded restaurants of the Group in Malta; and (vi) the provision of laundry and other human resources services within the Group.

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

With respect to the Group's investments outside Malta, other than those held through SDH Capital Limited, db Lifestyle Group Limited acts as the immediate parent company of the entities holding the leasehold title to and operating Aki London. In addition, SD Overseas Holdings Limited acts as the immediate parent company of the entities undertaking the RAK Project in the UAE.

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

6. PRINCIPAL ASSETS

The Group has three major assets: the Seabank, the San Antonio, and the St George's Bay Project. During FY2025, SD Holdings successfully concluded the negotiations for the sale of its shareholding in Malta Healthcare Caterers Ltd ("**MHC**"), Kore Air Services Limited ("**KAS**"), and Kore Inflight Services Ltd ("**KIS**")[5], which were reclassified as discontinued operations in FY2025 following the Group's strategic decision to divest its interest in these associates in order to focus on its core hospitality and property development activities, both in Malta and internationally.

SD Holdings Limited **Principal Assets** **As at 31 March**	**2024** **€'000**	**2025** **€'000**	**2026** **€'000**
db Seabank Resort & Spa	112,246	116,100	112,743
db San Antonio Hotel & Spa	110,218	110,200	109,112
db St George's Bay	84,704	140,926	279,945
Xemxija Bay Hotel			9,283
Investment in Associates	20,337	401	6,408
	327,505	**367,627**	**517,491**
As % of total assets:			
db Seabank Resort & Spa	23.68	19.62	15.03
db San Antonio Hotel & Spa	23.25	18.62	14.54
db St George's Bay	17.87	23.81	37.31
Xemxija Bay Hotel			1.24
Investment in Associates	4.29	0.07	0.85
	69.10	**62.12**	**68.98**

6.1 DB SEABANK RESORT + SPA

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

Seabank houses seven themed restaurants, three bars, Malta's largest hotel pool, a state-of-the-art fitness centre, and a spa with a heated indoor pool. The hotel also has an entertainment complex incorporating three restaurants, a bowling alley, a sports bar, and dedicated clubs for children and teenagers.

Over the years, the Group has continued to invest in enhancing the quality of Seabank's hospitality offering. Indeed, in FY2025, SD Holdings completed a two-year refurbishment programme encompassing the renovation of all hotel rooms and public areas.

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

6.2 DB SAN ANTONIO HOTEL + SPA

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

Since opening in 2002, San Antonio has undergone substantial upgrades. In FY2025, the hotel converted apartments previously used for long-term accommodation into additional guest rooms.

6.3 ST GEORGE'S BAY PROJECT

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

The Group was granted an executable full development permit in July 2023 and works on the multi-million mixed-use development commenced shortly thereafter. The project features a five-star Hard Rock Hotel ("**Hard Rock Hotel St George's Bay**") and two residential towers ("**ORA Residences**") with sky villas and rooftop pools. The project also comprises **St George's Mall** – a shopping mall spanning over 20,000 sqm housing globally renowned brands, extensive underground parking facilities for 1,300 motor vehicles, a 1,300 sqm supermarket, and various other amenities such as international bars and restaurants, creating a vibrant hub for residents and visitors alike. Besides, the St George's Bay Project includes 5,000 sqm of open spaces, a botanical garden, and a large entertainment area. The project is in the final stages of completion with the Hard Rock Hotel St George's Bay and various outlets already in operation together with the St George's Mall.

HARD ROCK HOTEL ST GEORGE'S BAY

The Hard Rock Hotel St George's Bay is the brand's first hotel in Malta, bringing a new dimension to the local lifestyle and hospitality scene. The hotel, which was inaugurated on 2 September 2026, retains the architectural character of the original 19th century British military accommodation quarters and features 397 rooms, including 26 suites with private pools. The property is designed to accommodate a wide range of guests, including couples, families, business travellers, and leisure visitors. Furthermore, the Hard Rock Hotel St George's Bay is a destination resort that combines elements of Malta's local character with the brand's international standards. Facilities include more than 10 restaurants, bars, lounges, and club venues, amongst which the third and largest Hard Rock Café outlet in Malta with a capacity of 250 covers; a rooftop cantilever pool; a beach club; 11 swimming pools; a wellness and fitness centre spanning 3,800 sqm, ranking amongst the most extensive in Malta; and a 466 sqm ballroom.

ORA RESIDENCES

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

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

Almost all residential units forming part of the **ORA West** and **ORA East** towers are subject to a promise of sale agreement ("**POSA**"). Being located within a Special Designated Area, ORA Residences grant both EU and non-EU nationals equal property acquisition rights, thereby removing the requirement for an Acquisition of Immovable Property permit.

7. OTHER ASSETS

7.1 THE MELIOR BOUTIQUE HOTEL

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

7.2 XEMXIJA BAY HOTEL

In 1995, the Group acquired a one-third shareholding in Porto Azzurro Hotel – an 80-room three-star aparthotel which was later refurbished and expanded to 107 rooms and apartments.[6] In November 2024, the Group increased its shareholding interest in the hotel to 100% for a total consideration of €8.50 million. Subsequently, SD Holdings allocated €1 million towards a refurbishment programme spread over two years commencing in December 2024, further enhancing the hotel's product offering and guest experience.

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

8. SEGMENT INFORMATION

SD Holdings has two principal reportable segments: (i) hospitality and ancillary services which also includes merchandise, retailing, and other operations; and (ii) food and beverage (“**F&B**”). In FY2027, the Group’s revenue and EBITDA will include income from the St George’s Bay Project although the contribution from St George’s Mall will be reported in a separate line item in the Statement of Comprehensive Income under ‘Share of results of associates.’

SD Holdings Limited Segment Information For the financial year 31 March	2024 Actual €’000	2025 Actual €’000	2026 Actual €’000	2027 Forecast €’000
Revenue:				
Hospitality and ancillary services	53,174	60,515	67,089	73,080
Food and beverage	35,551	38,687	44,247	54,018
Sale of real estate				109,854
	88,725	**99,202**	**111,336**	**236,952**

During **FY2026**, SD Holdings registered a 12.23% increase in total revenue to €111.34 million (FY2025: €99.20 million), reflecting organic growth achieved by the Group’s two principal hotel properties (namely, Seabank and San Antonio), the twelve-month contribution from Xemxija Bay Hotel, and further strong expansion of the F&B segment including the inauguration of Aki London on 30 September 2025.

Revenue from hospitality and ancillary services rose by 10.86% to €67.09 million, compared with €60.52 million in FY2025, representing 60.26% of Group revenue. Similarly, the F&B segment also registered strong revenue growth, with income increasing by 14.37% to €44.25 million, compared with €38.69 million in FY2025, representing 39.74% of Group revenue.

For **FY2027**, the Group is forecasting a substantial expansion in activity, with total revenue surging to €236.95 million, principally driven by the recognition of €109.85 million in income from the sale of residential units forming part of the St George’s Bay Project. Revenue growth is also expected to be supported by the continued positive performance of the Group’s mature operations and the initial contribution from the new Hard Rock Hotel St George’s Bay. In aggregate, revenue from hospitality and ancillary services is expected to reach €73.08 million (+8.93%), whilst income from F&B is forecast to increase by 22.08% to €54.02 million supported by higher customer volumes and the full-year contribution from Aki London.

Excluding revenue from the sale of ORA Residences, normalised revenue is forecast to increase by 14.16% to €127.10 million, compared with €111.34 million in FY2026.

9. TREND INFORMATION[7]

9.1 MALTA

9.1.1 ECONOMIC UPDATE[8]

According to the Central Bank of Malta's August 2026 forecasts covering the period up to 2028, Malta's economy continues to show strong growth and buoyant activity against an external environment still characterised by uncertainty related to developments in the Middle East. As disruptions to supply chains remain concentrated in the region and commodity prices have evolved broadly in line with previous estimates, the outlook for economic growth in Malta remains robust with real GDP growth expected at 3.8% in 2026 from 4.0% in 2025. Some lagged impact from geopolitical tensions is expected to materialise in 2027 as growth is envisaged at 3.6%. GDP growth is projected to pick up to 3.8% in 2028 as effects from global spillovers gradually fade away.

Private consumption growth is set to pick up to 4.3% in 2026 from 3.6% in 2025, and should maintain a slightly slower rate of expansion of 4.1% in each of 2027 and 2028. Growth in private consumption is expected to be supported by the recent revisions in income tax brackets which would boost disposable income growth and savings. Disposable income is also expected to be supported by some easing in inflationary pressures.

Real government consumption is projected to grow by 3.2% in 2026 from 5% in 2025, followed by increases of 3.6% and 3.1% in 2027 and 2028, respectively. This profile is mainly driven by outlays on compensation of employees and intermediate consumption. The latter reflects significant, albeit declining, growth in outlays by extra budgetary units and on contractual services. Meanwhile, the forecast growth in employee compensation reflects the implementation of ongoing collective agreements covering most of the general government sector.

Growth in overall investment is projected to pick up in 2026 after a sharp slowdown in 2025, and to moderate in 2027. This is partly driven by the path of EU-funded government investment, as all projects financed through the EU's Recovery and Resilience Facility ("**RRF**") are expected to be completed by 2026. This decline is expected to offset growth in private investment. Overall gross fixed capital formation is expected to be upheld by private investment in 2028.

Private investment is expected to increase in 2026 following a decline in 2025. This partly reflects the impact of Budget 2026 incentives aimed at stimulating investment. In 2027 and 2028, growth in private investment is expected at slightly over 4.0% driven by non-dwelling investment. Meanwhile, government investment is projected to increase by 17% in 2026, mostly driven by higher RRF-financed projects, as well as other large-scale initiatives, notably the second electricity interconnector. Growth

[7] This section is based on information available at the time of publication of the source consulted and is subject to continuous developments as macroeconomic conditions, policies, and external factors evolve.
[8] **Source:** Central Bank of Malta ("**CBM**"), '*Outlook for the Maltese Economy 2026-2028*', 20 August 2026, available at: https://www.centralbankmalta.org/site/Publications/Outlook/2026/Outlook-2026-3.pdf?revcount=6638.

is then expected to drop in 2027, once these projects are completed. In 2028 government investment is expected to grow only marginally.

Export growth is set to moderate over the 2026-2028 forecast period, reflecting the expected easing of growth in foreign demand. Slower growth in services exports is also expected following an extended period of robust growth. Nevertheless, overall export growth is set to remain above growth in external demand throughout the 2026-2028 forecast period, partly due to continued strong growth in tourism activity. On the other hand, goods exports are set to recover slightly in 2026 following a sharp decline in 2025. Growth in goods exports is set to be lower than the envisaged growth in external demand in 2027 and 2028, in line with recent trends and increasing competitive pressure outside the EU.

Import growth is expected to increase to 4.8% in 2026 from 4.4% in 2025 as goods imports are projected to recover from a decline in 2025 whilst imports of services are set to grow at a slower rate. The dynamics of imports are partly affected by those of government investment, which are set to decline in 2027.

Key Economic Indicators	**2023 Actual**	**2024 Actual**	**2025 Actual**	**2026 Forecast**	**2027 Projection**	**2028 Projection**
Malta						
Real GDP growth *(% change, year-on-year)*	7.50	7.00	4.00	3.80	3.60	3.80
Inflation - HICP *(% change, year-on-year)*	5.60	2.40	2.40	2.20	2.40	2.20
Unemployment *(% of labour supply)*	3.50	3.10	3.10	3.40	3.40	3.40
General government balance *(% of GDP)*	(4.50)	(3.50)	(2.20)	(1.90)	(1.70)	(1.60)
General government debt *(% of GDP)*	47.40	46.00	46.40	46.10	45.20	44.20

Sources: Central Bank of Malta, *'Outlook for the Maltese Economy 2024-2027'*, 16 December 2024.
Central Bank of Malta, *'Outlook for the Maltese Economy 2025-2028'*, 25 February 2026.
Central Bank of Malta, *'Outlook for the Maltese Economy 2026-2028'*, 20 August 2026.

The labour market remains strong and demand for labour is envisaged to stay high. However, employment growth is expected to moderate over the 2026-2028 forecast period, driven by the projected easing in economic growth and an expected improvement in productivity. Inflows of foreign workers are also expected to slow down due to recent labour migration measures. As a result, employment growth is projected at 2.9% in 2026 (2025: 4.1%) and is set to moderate gradually to 2.3% by 2028.

Based on the Harmonised Index of Consumer Prices ("**HICP**"), inflation is projected to decrease to 2.2% in 2026 from 2.4% in 2025, reflecting a decline in food inflation. Inflation is set to increase slightly to 2.45 in 2027 due to inflationary pressures arising from prevailing geopolitical situations which are expected to peak in 2027, whilst easing steadily to 2.2% in 2028. Services inflation is set to remain above its historical average although it is expected to gradually slow down throughout the 2026-2028 forecast period. Non-energy industrial goods inflation is expected to moderate in 2026 standing at 0.7%, whilst increasing to 1.2% and 1.1% in 2027 and 2028, respectively. Overall food inflation is set to stand at 2.6% in 2026 and increase to 3.2% in 2027 and 2028, in line with expected developments in international commodity prices. Energy prices are projected to remain at current levels throughout the 2026-2028 forecast period, reflecting the Government's commitment to keep such prices stable. In this regard, it is expected that outlays on energy support measures rise in 2026, due to the increase in commodity prices following the start of the war in Iran. This would be the first time that outlays are set to increase since 2022, before spending to decline as a share of GDP from 2027 onwards.

The fiscal deficit is expected to decline to around 1.9% of GDP in 2026 from 2.2% in 2025, and to narrow further in 2027 to 1.7% and 1.6% in 2028. This is due to the declining profile of capital expenditure throughout the 2026-2028 forecast period, and a lower share of energy support measures in GDP. Tax revenue is set to grow at or just below nominal GDP. Meanwhile, the share of expenditure in GDP is driven by dynamic growth in the largest current spending items – mainly compensation of employees and intermediate consumption – and declining levels of capital expenditure in 2026 and 2027 partly due to the completion of major EU-funded projects by 2027.

The structural budget deficit is projected to narrow from 2.4% of GDP in 2025 to 2.2% in 2026, and to 1.9% in each of 2027 and 2028. The largest year-on-year improvement is set to take place in 2027, driven by the forecast profile of energy support measures, which are not considered to be of a temporary nature and therefore affect the estimated structural position. Overall, the debt-to-GDP ratio is projected to decline from 46.4% in 2025 to 46.1% in 2026 before eventually reaching 44.2% by 2028.

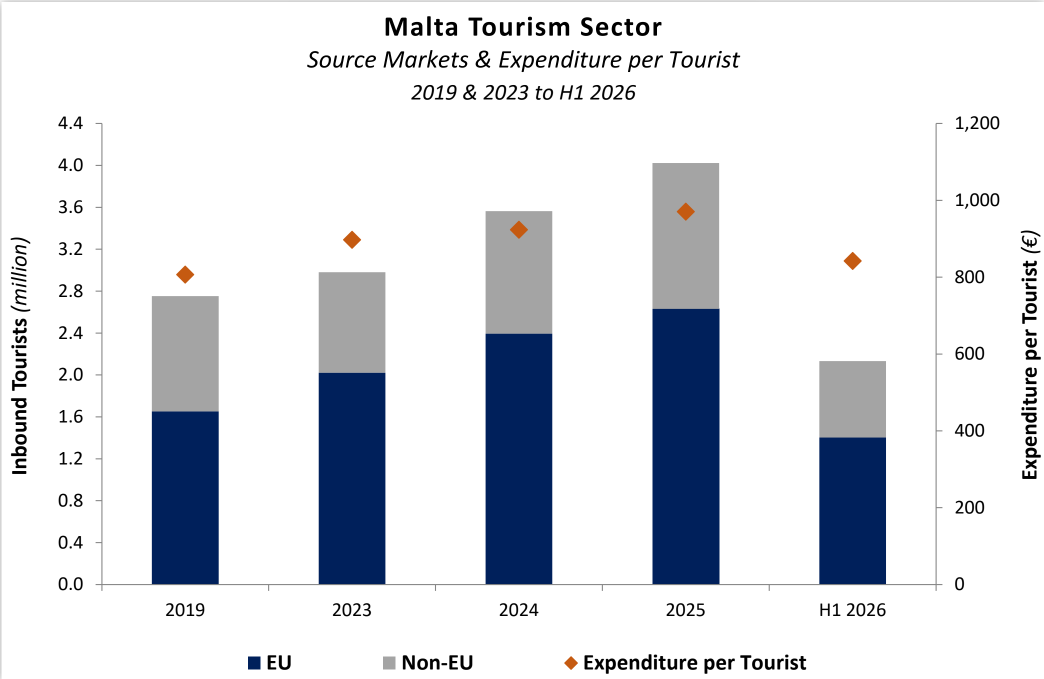
9.1.2 TOURISM & HOSPITALITY[9]

The Maltese tourism and hospitality sector registered a robust expansion in 2025, with inbound tourist volumes increasing by 12.87% to a new record of 4.02 million compared to 3.56 million in 2024. This growth in arrivals also translated into a strong uplift in total nights, which advanced by 11% to 25.44 million from 22.92 million in the prior year. Total expenditure by inbound tourists increased at an even faster pace, rising by 18.62% to €3.90 billion compared to €3.29 billion in 2024, thereby pushing the key expenditure metrics higher. In fact, total expenditure per inbound tourist increased by 5.09% to €970.67 from €923.64 in 2024. Similarly, on a per night basis, expenditure per inbound tourist rose by 6.86% to €153.48 from €143.63 in 2024. Concurrently, the average length of stay extended its declining trend, falling to 6.32 nights from 6.43 nights in 2024, further indicating that the overall increase in total nights spent was underpinned by the stronger growth in tourist arrivals.

In terms of source markets, the share of inbound tourists originating from the EU moderated to 65.42% in 2025, equivalent to 2.63 million tourists, from 67.19% in 2024, equivalent to 2.39 million tourists. Within this segment, inbound tourists from the Euro area declined more materially, with the relative share decreasing to 48.04%, equivalent to 1.93 million tourists, from 52.49% in 2024, equivalent to

[9] **Sources:** (i) CBM, '*Real Economy Indicators: Tourism – Inbound Tourism by Nationality*', 31 July 2026, available at: https://www.centralbankmalta.org/real-economy-indicators; (ii) Malta Hotels & Restaurants Association ("**MHRA**"), '*Hotel Performance Survey by Deloitte Malta*', 20 February 2026, available at: https://www.deloitte.com/content/dam/assets-zone2/mt/en/docs/services/consulting/2026/dt_mt_hotel_performance_2025_q4_and_full_year.pdf; and (iii) National Statistics Office ("**NSO**"), '*Inbound Tourism Statistics*' and '*Inbound Tourism: June 2026*', 30 July 2026, available at https://nso.gov.mt/wp-content/uploads/Inbound-Tourism-Selected-Indicators.xlsx and https://nso.gov.mt/wp-content/uploads/NR-134-2026-All-tables-8ba5Ixrf.xlsx, respectively.

1.87 million tourists. Conversely, the non-Euro area expanded to 17.38%, equivalent to 0.70 million tourists, from 14.70% in 2024, equivalent to 0.52 million tourists. Meanwhile, the share of inbound tourists originating from outside the EU climbed to 34.58% in 2025, equivalent to 1.39 million tourists, from 32.81% in 2024, equivalent to 1.17 million tourists. The share of the UK market strengthened to 20.92%, equivalent to 0.84 million tourists, from 19.76% in 2024, equivalent to 0.70 million tourists. Likewise, the share of inbound tourists from other non-EU markets increased to 13.66%, equivalent to 0.55 million tourists, from 13.05% in 2024, equivalent to 0.46 million tourists.

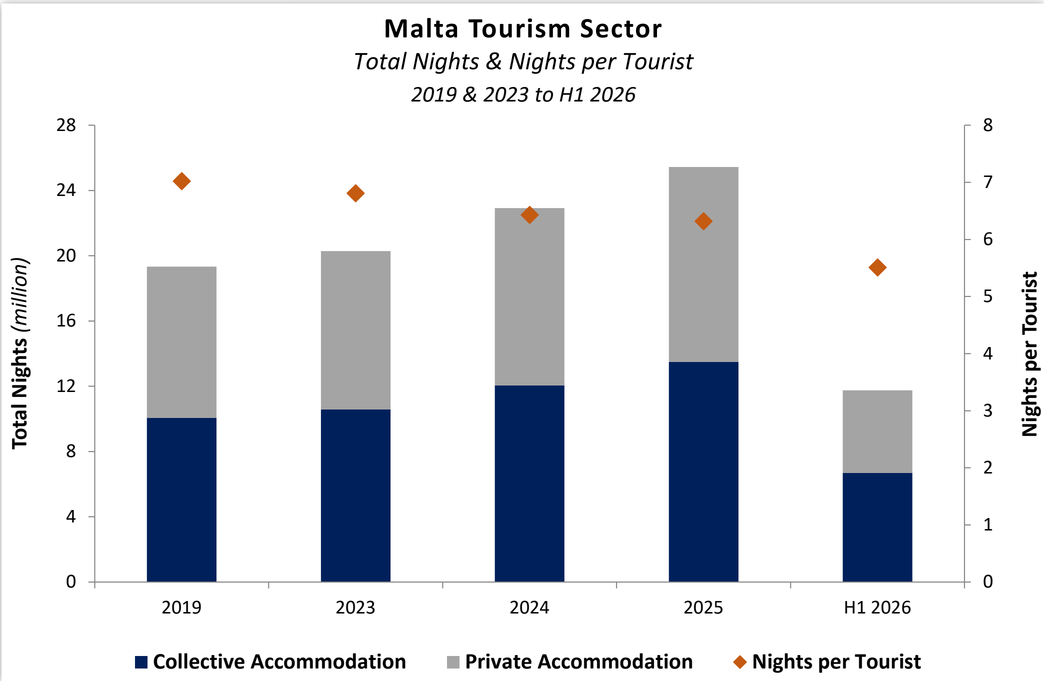


An analysis of the demographic profile of inbound tourists indicates moderate shifts across age cohorts. The share of tourists aged up to 24 years declined to 22.09%, equivalent to 0.89 million tourists, from 24.18% in 2024, equivalent to 0.86 million tourists. The 25-44 years age bracket also contracted to 35.48%, equivalent to 1.43 million tourists, from 36.60% in 2024, equivalent to 1.30 million tourists. Conversely, the 45-64 years cohort increased to 31.81%, equivalent to 1.28 million tourists, from 29.54% in 2024, equivalent to 1.05 million tourists. Likewise, the share of inbound tourists aged 65 years and more rose to 10.61%, equivalent to 0.43 million tourists, from 9.68% in 2024, equivalent to 0.34 million tourists.

In relation to the organisation of stay, the share of package travel increased to 25.95% of inbound tourists, equivalent to 1.04 million tourists, from 24.91% in 2024, equivalent to 0.89 million tourists. The share of non-package travel correspondingly declined to 74.05%, equivalent to 2.98 million tourists, from 75.09% in 2024, equivalent to 2.68 million tourists.

Regarding visitor frequency, first-time tourists accounted for 78.88% of arrivals in 2025, equivalent to 3.17 million tourists, compared to 79.08% in 2024, equivalent to 2.82 million tourists. The share of repeat tourists increased to 21.12%, equivalent to 0.85 million tourists, from 20.92% in 2024, equivalent to 0.75 million tourists. Within this category, the share of those visiting once a year rose to 16.43%, equivalent to 0.66 million tourists, from 16.08% in 2024, equivalent to 0.57 million tourists. In contrast, the share of repeat inbound tourists visiting more than once a year declined to 4.69%, equivalent to 0.19 million tourists, from 4.84% in 2024, equivalent to 0.17 million tourists.

The duration profile of visits also exhibited moderate adjustments, consistent with the decline in the overall average length of stay observed during 2025. The share of inbound tourists staying between 1 and 3 nights declined to 23.19%, equivalent to 0.93 million tourists, from 23.76% in 2024, equivalent to 0.85 million tourists. Similarly, stays of 7 nights or more declined to 37.94%, equivalent to 1.53 million tourists, from 38.78% in 2024, equivalent to 1.38 million tourists. On the other hand, the 4 to 6 nights category increased its share to 38.87%, equivalent to 1.56 million tourists, from 37.46% in 2024, equivalent to 1.33 million tourists.



With respect to accommodation patterns, collective accommodation accounted for 60.71% of inbound tourists in 2025, equivalent to 2.44 million tourists, compared to 61.01% in 2024, equivalent to 2.17 million tourists.[10] Accordingly, the share of private accommodation increased to 39.29%, equivalent to 1.58 million tourists, from 38.99% in 2024, equivalent to 1.39 million tourists.[11] However, when analysed in terms of total nights spent by inbound tourists, collective accommodation expanded its share to 53.05%, equivalent to 13.49 million nights, from 52.58% in 2024, equivalent to 12.05 million nights. Consequently, the share of private accommodation declined to 46.95%, equivalent to 11.94 million nights, from 47.42% in 2024, equivalent to 10.87 million nights. Such trends suggest that

[10] Collective accommodation comprises hotels, guesthouses, hostels, tourist villages, holiday complexes, bed and breakfast units, as well as campsites.

[11] Private accommodation comprises other rented accommodation (such as holiday furnished premises, host families, marinas, paid-convents, rented yachts, and student dormitories) and non-rented accommodation (mainly private residences).

although a slightly smaller proportion of tourists opted for collective accommodation, those who did so stayed for relatively longer periods compared with the prior year.

Within collective accommodation, a survey conducted by Deloitte Malta on behalf of the Malta Hotels & Restaurants Association showed that hotel performance strengthened in 2025, both from a revenue generation capacity as well as from a pricing dynamics perspective. In the four-star category, occupancy increased to 82.60% from 80.50% in 2024. Similarly, five-star occupancy improved to 71% in 2025 from 69.60% in the prior year. Average daily rates also registered growth across the principal hotel categories in 2025, with ADR in the four-star segment rising by 4.73% to €115.20, from €110 in 2024, whilst ADR in the five-star category increased by 4.38% to €219.30, from €210.10 in the prior year.

JANUARY TO JUNE 2026 PERFORMANCE

The Maltese tourism and hospitality sector maintained a strong growth trajectory during the first half of 2026. Inbound tourist volumes increased by 18.06% to 2.13 million from 1.81 million in H1 2025, while total nights rose by 10.12% to 11.75 million from 10.67 million. Total expenditure by inbound tourists advanced by 14.80% to €1.80 billion from €1.56 billion in the corresponding period in 2025.

Notwithstanding the increase in aggregate tourist expenditure, expenditure per inbound tourist declined by 2.76% to €842.29 from €866.21 in H1 2025. This reflected the comparatively faster growth in tourist volumes relative to expenditure. Conversely, expenditure per night increased by 4.25% to €152.80 from €146.57, as the average length of stay extended its downward trend, decreasing to 5.51 nights from 5.91 nights in H1 2025. Accordingly, the increase in total nights was principally driven by the strong rise in inbound tourist arrivals rather than longer stays. Package expenditure per tourist declined to €774.69 from €803.43 in H1 2025, while non-package expenditure per tourist fell to €440.15 from €454.05. Other expenditure per tourist also moderated to €315.14 from €319.50.

The duration profile of visits also changed in line with the reduction in the overall average length of stay. The proportion of tourists staying between one and three nights increased to 28.26% from 26.94%, while the share staying between four and six nights rose to 41.90% from 40.52%. Conversely, tourists staying for seven nights or more accounted for 29.85% of arrivals, down from 32.53% in H1 2025.

In terms of source markets, the share of inbound tourists originating from the EU declined to 65.78% in H1 2026 from 66.42% in the corresponding period of 2025. Within this segment, the share attributable to the Euro area contracted more materially to 45.88% from 48.73%. In contrast, the non-Euro area increased its share to 19.89% from 17.69%. Meanwhile, the proportion of inbound tourists originating from outside the EU rose to 34.22% from 33.58%. The UK market remained broadly stable, accounting for 20.84% of inbound tourists compared to 20.71% in H1 2025, while the share of other non-EU markets increased to 13.38% from 12.87%.

An analysis of the demographic profile of inbound tourists indicates limited changes across most age cohorts. Tourists aged up to 24 years accounted for 19.18% of arrivals in H1 2026, broadly unchanged from 19.15% in the corresponding period of 2025. Similarly, the share of the 25-44 years cohort edged down to 36.42% from 36.63%. Conversely, the proportion of tourists aged between 45 and 64 years increased to 33.20% from 32.30%, while the share of tourists aged 65 years or more declined to 11.21% from 11.92%.

In relation to the organisation of stay, the share of package travel decreased to 26% of inbound tourists from 26.52% in H1 2025. Correspondingly, non-package travel increased its share to 74% from 73.48%. Regarding visitor frequency, first-time tourists accounted for 77.79% of arrivals in H1 2026, compared to 79.37% in the corresponding period of 2025. The share of repeat tourists consequently increased to 22.21% from 20.63%. Within this category, the proportion of tourists visiting once a year rose to 17.40% from 15.69%. In contrast, the share of repeat tourists visiting more than once a year declined marginally to 4.80% from 4.94%.

With respect to accommodation patterns, collective accommodation accounted for 62.08% of inbound tourists in H1 2026, compared to 63.54% in the corresponding period of 2025. Accordingly, the share of tourists using private accommodation increased to 37.92% from 36.46%. However, when analysed in terms of total nights, collective accommodation expanded its share to 56.91% from 56.32%, while private accommodation declined to 43.09% from 43.68%.

9.1.3 RESIDENTIAL REAL ESTATE[12]

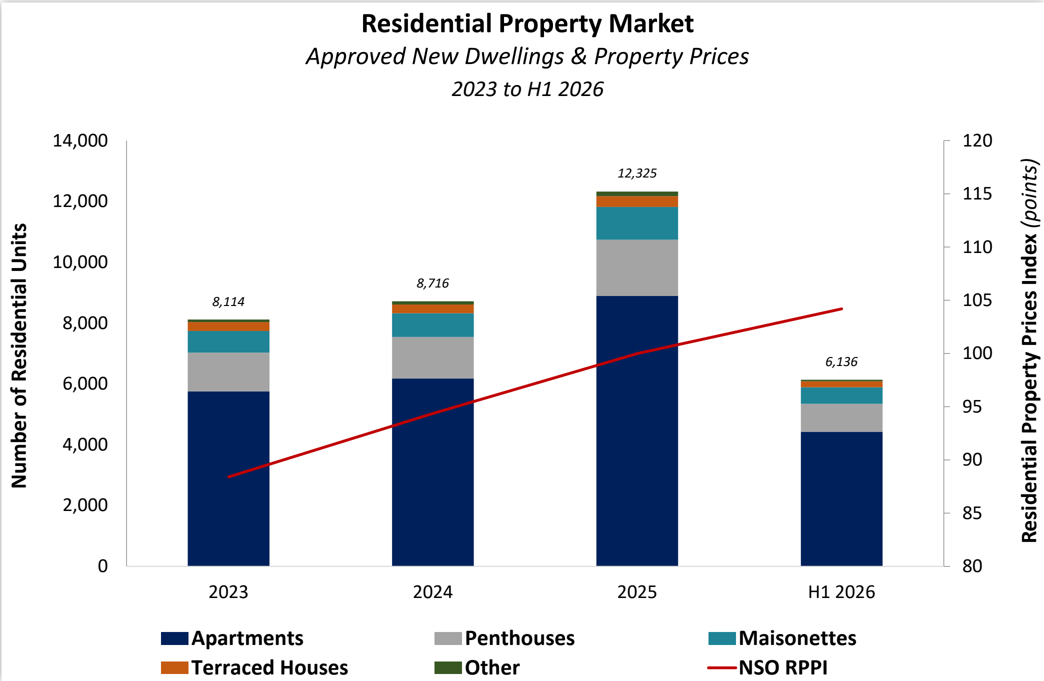
The Maltese residential real estate sector registered another year of expansion in 2025, characterised by continued price appreciation, a significant increase in construction-related approvals, and further growth in concluded transactions.

From a pricing perspective, the CBM Property Prices Index – which is based on the advertised sale prices of apartments, maisonettes, terraced houses, and other types of dwellings – increased by 4.33% to 189.55 points in 2025 from 181.68 points in 2024. Apartment prices rose by 1.57%, whilst maisonettes outperformed with an increase of 3.73%. In contrast, prices of terraced houses declined by 1.31%, whilst other types of dwellings fell by 2.45%.

The NSO Residential Property Price Index – which is based on actual transactions involving apartments, maisonettes, and terraced houses – also confirmed a firm upward trajectory in property values. Indeed, the index advanced by 5.97% to 100 points from 94.37 points in 2024, as apartment prices increased by 5.74% whilst maisonettes rose by 6.01%. Overall, both the CBM Property Prices Index and the NSO Residential Property Price Index increased at a faster pace than inflation, which stood at 2.41% in 2025.

[12] **Sources:** (i) NSO, '*Residential Property Transactions*', 11 August 2026, available at https://nso.gov.mt/wp-content/uploads/Residential-Property-Transactions.xlsx; (ii) NSO, '*Residential Building Permits: Q2/2026*', 20 August 2026, available at https://nso.gov.mt/wp-content/uploads/NR-145_2026_Muvta4hd_All-tables.xlsx; (iii) NSO, '*Residential Property Price Index*', 2 July 2026, available at https://nso.gov.mt/wp-content/uploads/Residential-Property-Price-Index.xlsx; and (iv) CBM, '*Real Economy Indicators: Property Prices Index based on Advertised Prices (base 2015=100)*', 28 May 2026, available at: https://www.centralbankmalta.org/site/Subscriber%20Categories/Real%20Economy%20Indicators/house_prices.xlsx?rnd=20260824111756&revcount=8179&revcount=7382.

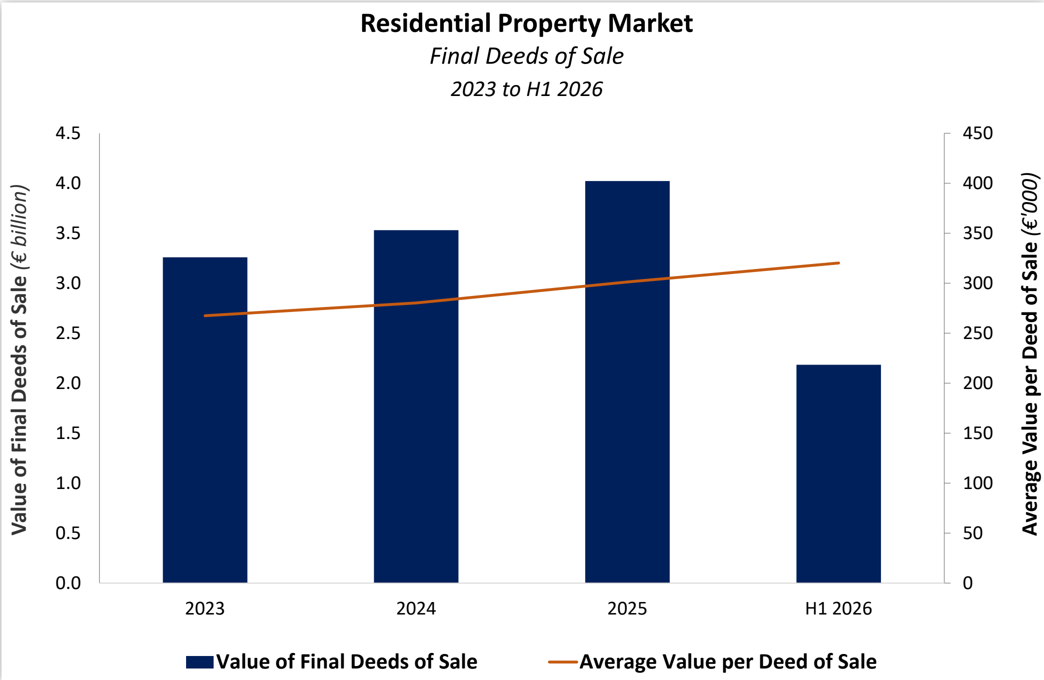
Activity in building permits increased markedly during 2025, reflecting a substantial strengthening in development momentum. The total number of issued building permits rose by 34.20% to 2,213 from 1,649 in 2024. Malta accounted for the majority of permits, increasing by 36.28% to 1,848, whilst in Gozo, the number of building permits rose by 24.57% to 365 from 293 in 2024. At district level in Malta, the strongest percentage growth was recorded in the South Eastern district, where permits surged by 45.69% to 338, followed by the Northern district with an increase of 43.18% to 378 permits. The Western district also registered a sharp rise of 37.43% to 246 permits, whilst Southern Harbour grew by 36.73% to 309 permits. Elsewhere, the Northern Harbour district posted a robust increase of 26.81% to 577 permits in 2025. Meanwhile, the average number of approved new dwellings per building permit increased to 5.57 in 2025 from 5.29 in 2024, indicating an increase in the average scale or density of developments year-on-year.



The strong increase in the number of building permits issued led to an even larger rise in the number of approved new dwellings as this rose by 41.41% to 12,325 in 2025 from 8,716 in 2024. By type of property, apartments remained dominant and increased by 43.90% to 8,889, thereby accounting for the largest share of the total increase. Maisonettes also recorded a pronounced growth of 37.42% to 1,076. Similarly, penthouses and terraced houses advanced by 35.87% and 23.67% to 1,856 and 350, respectively, whilst other type of property increased by 43.93% to 154.

From a district perspective, the South Eastern region recorded the strongest growth in new dwelling approvals, rising to 2,027 in 2025, equivalent to an increase of 72.22%. The Southern Harbour district followed with an increase of 46.43% to 1,640, whilst the Northern region rose by 39.67% to 2,278. Meanwhile, the Northern Harbour and the Western districts also registered growth of more than 30% in the number of new dwelling approvals, to 3,509 (+38.75%) and 1,104 (+32.37%), respectively, whilst in Gozo, new dwelling approvals increased by 24% to 1,767.

In terms of final deeds of sale, the total number of contracts concluded in 2025 increased by 5.98% to 13,351 from 12,598 in 2024. However, the total value of final deeds increased at a faster rate of 13.93% to €4.02 billion from €3.53 billion in 2024, which lifted the average value per deed of sale by 7.50% to €301.273 from €280,243 in the prior year.



At district level, the number of final deeds of sale in Malta increased by 6.57% to 11,678. The strongest percentage growth was recorded in the Western district, where final deeds rose by 18.79% to 1,397. The South Eastern region followed, with an increase of 9.03% to 1,908, whilst the Northern Harbour district recorded a growth of 5.88% to 3,779. Similarly, the number of final deeds relating to residential property in the Southern Harbour region increased by 4.18% to 2,067, whilst a more modest increase of 1.94% to 2,527 was recorded in the Northern district. Meanwhile, in Gozo, final deeds edging up by 2.01% to 1,673 from 1,640 in 2024.

JANUARY TO JUNE 2026 PERFORMANCE

The Maltese residential property market maintained positive momentum during the first half of 2026. The CBM Property Prices Index increased by 2.97% year-on-year in Q1 2026 to 193 points. The increase was driven by apartments (+5.47%) and maisonettes (+4.09%), while prices for terraced houses (-1.08%) and other property (-3.12%) declined. Similarly, the NSO Residential Property Price Index rose by 6.71% to 104.19, from 97.64 in H1 2025. Apartment prices rose by 6.89%, while maisonettes advanced by 5.32%.

A total of 1,043 building permits were issued during H1 2026, representing a modest increase of 1.96% from 1,023 permits in the corresponding period of 2025. Of these, 881 permits related to Malta, up by 3.53% from 851, while permits issued in Gozo and Comino declined by 5.81% to 162, from 172. The

Northern Harbour district recorded the strongest increase, with permits rising by 19.03% to 319, from 268. The South Eastern district recorded a 7.53% increase to 157 permits, from 146, while the Northern district registered a more moderate 2.41% rise to 170, from 166. In contrast, building permits declined in both the Southern Harbour (-9.59%) and Western (-17.60%) districts to 132 (H1 2025: 146) and 103 (H1 2025: 125) permits, respectively. Although the overall number of permits increased only marginally, development density rose considerably as the average number of approved new dwellings per building permit increased to 5.88, from 5.05 in H1 2025, representing an increase of 16.44%.

The number of new dwellings approved during H1 2026 increased substantially to 6,136 units, from 5,170 units in H1 2025, representing year-on-year growth of 18.68% and an absolute increase of 966 units. Apartments continued to dominate approved residential supply. A total of 4,424 apartments were approved during the first half of 2026, up by 19.96% from 3,688 in H1 2025. Apartments therefore accounted for around 72% of all approved new dwellings. The number of approved penthouses increased by 18.49% to 923, from 779, while maisonettes rose by 13.68% to 540, from 475. The strongest percentage growth was however recorded in terraced houses, for which approvals increased by 28.21% to 200 units, from 156 in H1 2025. Conversely, approvals for other property types declined by 31.94% to 49 units, from 72.

The geographical distribution of approved dwellings showed a particularly pronounced concentration of new development in the Northern Harbour district in H1 2026, as this rose by 68.09% to 2,202 units, from 1,310 in H1 2025. This represented an increase of 892 units and accounted for the majority of the overall year-on-year rise in approved residential supply. The South Eastern district also recorded strong growth, with approved dwellings increasing by 23.62% to 916, from 741. Approvals in the Northern district increased by 17.81% to 1,098 units, from 932. Conversely, development activity weakened in the Southern Harbour (-7.36%) and Western (-32.41%) districts, where the number of approved dwellings declined to 717 (H1 2025: 774) and 438 (H1 2025: 648) units, respectively. Approved dwellings in Gozo and Comino remained unchanged at 765 units.

Demand for residential property remained firm during H1 2026. The number of POSA increased to 7,621, from 7,277 in the comparable period of 2025, representing growth of 4.73%. More significantly, the aggregate value of POSA increased by 18.65% to €2.99 billion, from €2.52 billion. As the increase in value materially exceeded that in the number of agreements, the average value per POSA rose by 13.18% to €391,786, from €346,173 in H1 2025.

Completed residential property transactions also increased during H1 2026. The number of final deeds of sale rose by 6.63% to 6,819, from 6,395 in H1 2025. At the same time, the aggregate value of final deeds increased by 16.72% to €2.18 billion, from €1.87 billion. The average value per deed of sale increased by 9.47% to €320,252, from €292,557 in H1 2025. Transaction volumes increased across most districts. In Malta, final deeds rose by 6.70% to 5,960, from 5,586. The Northern district recorded the strongest growth, with transactions increasing by 20.02% to 1,373, from 1,144. Final deeds in the Southern Harbour district increased by 10.69% to 1,108, from 1,001, while the South Eastern district recorded growth of 4.50% to 952 deeds, from 911. On the other hand, activity within the Northern Harbour district remained unchanged at 1,864 deeds, while transactions in the Western district edged down by 0.45% to 663. Meanwhile, final deeds in Gozo and Comino increased by 6.18% to 859, from 809.

The number of individual properties transacted through final deeds increased by 6.63% to 7,415 properties, from 6,954 in H1 2025. Apartments remained the largest residential property category by transaction volume. A total of 2,691 apartments were transacted during H1 2026, representing a 5.04% increase from 2,562 in H1 2025. Transactions involving penthouses increased more strongly by 15.19% to 417, from 362, while maisonette transactions increased by 2.05% to 697, from 683. Transactions involving houses and garages also increased by 17.01% and 9.65% to 1,025 (H1 2025: 876) and 1,681 (H1 2025: 1,533), respectively. In contrast, the number of plots of land transacted declined by 23.49% to 430, from 562.

9.2 UAE ECONOMIC UPDATE[13]

The UAE's economy remained resilient in 2025 despite regional tensions and volatility in energy markets. Real GDP grew by 6.2% (2024: 6.6%), supported by strong non-hydrocarbon activity, which expanded by 6.8% year-on-year (2024: 8.6%), led by construction, financial and insurance services, as well as wholesale and retail trade. Construction contributed 1.4 percentage points to non-hydrocarbon growth, supported by its sizeable share of non-hydrocarbon GDP (12.4%) and strong double-digit expansion of 11.1%. Financial and insurance activities followed closely, adding 1.3 percentage points, reflecting robust growth of 10.4% and underscoring the sector's growing role as a key engine of non-oil activity. Wholesale and retail trade, the largest sector by share (16.9%), contributed 1.2 percentage points to non-hydrocarbon growth, with solid growth of 6.9% supporting domestic demand. Meanwhile, real estate activities, transportation, and storage each contributed 0.6 percentage points to non-hydrocarbon growth, supported by a growth rate of around 8%, highlighting the importance of services and logistics in the country's diversification agenda. Manufacturing added a further 0.5 percentage points. In aggregate, these top six sectors accounted for the bulk of non-hydrocarbon growth in 2025, whilst the remaining 10 sectors of the UAE's non-hydrocarbon economy contributed 1.3 percentage points to GDP growth.

Hydrocarbon GDP also expanded in 2025, by 4.3%, following OPEC+ quota adjustments which led to strong increases of 10.5% and 16.6% in oil production in Q3 and Q4 2025, respectively. However, regional maritime-route disruptions in H1 2026 resulted in lower oil production. In fact, oil production was lower by 8.0% year-on-year over the first four months of 2026, averaging 2.68 million barrels per day. Moreover, domestic gas production had a softer start to 2026, declining to 516 million MMBtu in Q1, down 12.3% from Q4 2025. Domestic demand also eased, with gas sales closely tracking the production pattern and declining by 10.5% year-on-year.

Looking ahead, the 2026 outlook is subject to uncertainty amid the current regional environment. Nonetheless, real GDP growth is projected at 1.7% despite moderation in both hydrocarbon and non-hydrocarbon sectors as regional maritime-route disruptions influence activity through several

[13] **Source:** Central Bank of the United Arab Emirates ("**CBUAE**"), '*Quarterly Economic Review – June 2026*', 30 June 2026, available at: https://centralbank.ae/media/ge5opjeq/qer_june_2026.pdf.

channels. On the external side, disruptions to regional shipping routes and heightened uncertainty are delaying trade flows and raise transportation and insurance costs for oil and other key commodities. These effects are expected to weigh on logistics, wholesale and retail trade, as well as manufacturing. Services activity, including tourism-related sectors, is also experiencing a moderation, whilst the Purchasing Managers' Index ("**PMI**") eased in March and April 2026 albeit firms remained optimistic that an easing in regional tensions and improvement in demand conditions would support a gradual improvement in the months ahead.

While uncertainty around the 2026 outlook remains, a faster-than-expected de-escalation, substitution toward domestic demand, and more targeted fiscal support could help cushion the moderation in growth. The UAE has strong fiscal and external buffers, and sound macroeconomic fundamentals that allow for timely policy action to respond to shocks. Key measures include the CBUAE Financial Resilience Package, which constituted a pre-emptive comprehensive financial sector resilience program; Dubai's AED 2.5 billion business support package; and an expansionary public budget focused on infrastructure spending, alongside the potential deployment of targeted contingency support for the most affected sectors. Together, these measures are helping to mitigate the moderation in growth and sustain confidence among businesses and investors.

Real GDP Growth in the UAE	**2023 Actual**	**2024 Actual**	**2025 Actual**	**2026 Forecast**	**2027 Projection**
Overal GDP *(% change, year-on-year)*	4.30	6.60	6.20	1.70	9.80
Non-Hydrocarbon GDP *(% change, year-on-year)*	7.00	8.60	6.80	1.90	4.50
Hydrocarbon GDP *(% change, year-on-year)*	(3.00)	0.60	4.30	0.80	25.70

Source: CBUAE, *'Quarterly Economic Review – June 2026'*, 30 June 2026.

In 2027, overall GDP growth is projected at 9.8%, driven primarily by a sharp acceleration in hydrocarbon GDP to 25.7%, while non-hydrocarbon growth is expected to remain solid at 4.5%. The projected increase in oil and gas activities is driven by two main effects: the base effect from lower production in 2026 and an increase in production as supply constraints ease and production rises toward the UAE's targeted capacity of around 5 million barrels per day by 2027. The UAE's hydrocarbon export resilience is also expected to improve materially. ADNOC's Habshan-Fujairah pipeline bypasses the Strait of Hormuz and currently provides export capacity of around 1.8 million barrels per day. Plans to expand this corridor through an additional parallel pipeline would further reduce the UAE's exposure to potential regional maritime disruptions and strengthen continuity of hydrocarbon exports over the medium term.

The UAE continued to demonstrate a strong fiscal position in 2025, maintaining a general government budget surplus of 3.7% of GDP. While this represents a moderation from the 6.2% recorded in the previous year, the fiscal balance remained positive. The narrowing of the surplus was driven mainly by higher public expenditure, while overall revenue generation remained broadly stable. Fiscal sustainability was further supported by the relatively low level of general government gross debt. It is estimated that gross debt declined from 34.9% of GDP in 2024 to 34.3% in 2025 and is projected to fall further to 31.4% of GDP in 2026.

The UAE's non-oil foreign trade of goods expanded strongly in 2025, rising by 27.4%. Non-oil exports increased markedly by 47.8%, primarily driven by higher exports of gold, jewellery, and aluminium. Switzerland was the largest destination for non-oil exports, accounting for 21.5% of the total, followed by India (12.4%) and Hong Kong SAR (11.6%). Gold continued to dominate non-oil exports, accounting for 59.3% share, while jewellery (4.9%) and aluminium (3.5%) ranked as the second- and third-largest export categories, respectively.

Re-exports also posted solid growth, increasing by 15.0% in 2025. Saudi Arabia retained its position as the leading re-export destination, representing 16.9% of the total, followed by Iraq (9.9%) and India (6.1%). Telecommunications equipment accounted for the largest share of re-exports at 23.0%, while diamonds (8.1%) and motor vehicles (7.5%) were among the other key categories. Meanwhile, imports rose by 25.4% in 2025. China remained the UAE's largest import partner with an 18.9% share, followed by India (6.7%) and the US (5.5%). Gold was the leading imported category, accounting for 29.2% of total imports, while telecommunications equipment (10.1%) and motor vehicles (5.9%) represented the second- and third-largest import categories, respectively.

The CBUAE's inflation forecast for 2026 stands at 2.3%, primarily reflecting supply-side factors linked to heightened regional uncertainty and their impact on global energy markets, shipping costs, and food prices. Higher global food and energy costs may add some upward pressure on domestic inflation. However, inflation in the UAE is projected to remain moderate and well below global averages, supported by easing housing cost pressures and the government's regulation of staple food items, which continues to help contain increases in essential consumer prices and moderate broader inflationary pressures.

For 2027, the CBUAE projects inflation at 1.9%, as easing supply-side pressures and moderating energy prices are expected to help balance domestic demand, with government measures continuing to support price stability.

PART 2 – FINANCIAL REVIEW

10. FINANCIAL ANALYSIS OF THE ISSUER

The historical information is extracted from the audited annual financial statements of SD Finance for the years ended 31 March 2024, 31 March 2025, and 31 March 2026.

The forecasts have been provided by the Group and are based on future events and assumptions which SD Holdings believes to be reasonable. Accordingly, actual outcomes may be adversely affected by unforeseen circumstances, and the variation between forecasts and actual results could be material.

SD Finance plc **Statement of Total Comprehensive Income** **For the financial year 31 March**	**2024** **Actual** **€'000**	**2025** **Actual** **€'000**	**2026** **Actual** **€'000**	**2027** **Forecast** **€'000**
Finance income	3,059	3,069	3,834	6,281
Finance costs	(2,925)	(2,929)	(3,643)	(5,951)
Net interest income	**134**	**140**	**191**	**330**
Administrative expenses	(126)	(134)	(138)	(285)
Profit before tax	**8**	**6**	**53**	**45**
Taxation	(3)	(2)	(18)	(16)
Profit for the year	**5**	**4**	**35**	**29**
Total comprehensive income	**5**	**4**	**35**	**29**

STATEMENT OF TOTAL COMPREHENSIVE INCOME

In **FY2026**, the Issuer generated finance income of €3.83 million, against which it incurred finance costs of €3.64 million. Administrative expenses amounted to €0.14 million. Following a tax charge of €0.02 million, SD Finance reported a profit after tax of €0.04 million.

In **FY2027**, finance income is projected to rise further to €6.28 million, although the increase is expected to be largely offset by higher finance costs amounting to €5.95 million. After accounting for administrative expenses of €0.29 million and a modest tax charge, the Company is expected to register a net profit of €0.03 million.

SD Finance plc Statement of Cash Flows For the financial year 31 March	2024 Actual €'000	2025 Actual €'000	2026 Actual €'000	2027 Forecast €'000
Net cash from / (used in) operating activities	77	241	(1,299)	1,760
Net cash used in investing activities	-	-	(32,400)	(27,853)
Net cash from financing activities	-	-	32,400	27,000
Net movement in cash and cash equivalents	**77**	**241**	**(1,299)**	**907**
Cash and cash equivalents at beginning of year	3,072	3,149	3,390	2,091
Cash and cash equivalents at end of year	**3,149**	**3,390**	**2,091**	**2,998**

STATEMENT OF CASH FLOWS

In **FY2026**, SD Finance recorded a net cash outflow of €1.30 million in relation to operating activities, as interest payments of €3.26 million outweighed interest income received of €2.16 million.

Net cash from financing activities amounted to €32.40 million, arising from the issuance of 5.20% unsecured bonds 2031 (Tranche I) under a €60 million bond programme. These proceeds were subsequently onlent to the Guarantor and, or sister companies within the Group. Accordingly, the Company ended FY2026 with cash and cash equivalents of €2.09 million, representing a year-on-year decline of €1.30 million.

In **FY2027**, cash flow from operating activities is anticipated at €1.76 million. Investing activities are forecast to absorb €27.85 million, representing further advances in loans receivable. This is expected to be offset by an inflow of €27 million from financing activities related to the issuance of Tranches II and III of 5.20% unsecured bonds 2031 under a €60 million bond programme. The net increase in cash for the year is thus projected at €0.91 million, with year-end balances rising to almost €3 million.

STATEMENT OF FINANCIAL POSITION

Total assets amounted to €100.64 million as at the end of **FY2026**, principally comprising non-current and current loans receivable of €98.48 million, as well as cash balances of €2.09 million. Total equity stood at €0.33 million whilst total liabilities amounted to €100.31 million, of which €97.47 million consisted of debt securities in issue alongside €2.84 million in trade and other payables.

In **FY2027**, total assets are forecast to reach €127.45 million, mainly comprising €124.33 million in non-current and current loans receivable, as well as cash balances of almost €3 million. Total equity is projected to increase modestly to €0.36 million, whilst total liabilities are expected to reach €127.09 million, with total debt securities at €122.47 million and current trade and other payables at €4.62 million.

SD Finance plc Statement of Financial Position As at 31 March	2024 Actual €'000	2025 Actual €'000	2026 Actual €'000	2027 Forecast €'000
ASSETS				
Non-current assets				
Loans receivable	64,333	64,333	96,733	60,000
	64,333	**64,333**	**96,733**	**60,000**
Current assets				
Loans receivable	-	-	1,747	64,333
Trade and other receivables	204	67	68	120
Cash and cash equivalents	3,149	3,390	2,091	2,998
	3,353	**3,457**	**3,906**	**67,451**
Total assets	**67,686**	**67,790**	**100,639**	**127,451**
EQUITY				
Capital and reserves				
Called up share capital	250	250	250	250
Retained earnings	45	49	84	113
	295	**299**	**334**	**363**
LIABILITIES				
Non-current liabilities				
Debt securities	64,780	64,890	97,466	57,466
	64,780	**64,890**	**97,466**	**57,466**
Current liabilities				
Debt securities	-	-	-	65,000
Trade and other payables	2,611	2,601	2,839	4,622
	2,611	**2,601**	**2,839**	**69,622**
Total liabilities	**67,391**	**67,491**	**100,305**	**127,088**
Total equity and liabilities	**67,686**	**67,790**	**100,639**	**127,451**

11. FINANCIAL ANALYSIS OF THE GUARANTOR

The historical information is extracted from the audited consolidated annual financial statements of SD Holdings for the years ended 31 March 2024, 31 March 2025, and 31 March 2026.

The forecasts have been provided by the Group and are based on future events and assumptions which SD Holdings believes to be reasonable. Accordingly, actual outcomes may be adversely affected by unforeseen circumstances, and the variation between forecasts and with actual results could be material.

The estimates presented in this Analysis assume no upward revaluation or impairment of the Group's principal properties. No adjustments have therefore been made for changes in the carrying values of these properties, which could materially affect the Statement of Total Comprehensive Income and the Statement of Financial Position.

SD Holdings Limited Statement of Total Comprehensive Income For the financial year 31 March	**2024 Actual €'000**	**2025 Actual €'000**	**2026 Actual €'000**	**2027 Forecast €'000**
Revenue	88,725	99,202	111,336	236,952
Net operating costs	(57,609)	(63,410)	(78,127)	(132,892)
EBITDA	**31,116**	**35,792**	**33,209**	**104,060**
Depreciation and amortisation	(11,042)	(9,786)	(10,461)	(23,150)
Operating profit	**20,074**	**26,006**	**22,748**	**80,910**
Net finance costs	(5,348)	(6,613)	(12,581)	(14,754)
Fair value changes of investments	232	1,243	492	-
Loss on sale of investments	-	-	(104)	-
Share of results of associates	65	451	(118)	563
Gain on sale of associates	-	-	33,625	-
Profit before tax from continuing operations	**15,023**	**21,087**	**44,062**	**66,719**
Taxation	(6,170)	(9,504)	(26,678)	(10,546)
Profit for the year from continuing operations	**8,853**	**11,583**	**17,384**	**56,173**
Profit after tax from discontinued operations	5,421	7,034	-	-
Profit for the year	**14,274**	**18,617**	**17,384**	**56,173**
Other comprehensive income				
Fair value movements on land and buildings, net of tax	51,053	11,130	-	-
Other movements	126	-	-	-
Total comprehensive income (net of tax)	**65,453**	**29,747**	**17,384**	**56,173**

SD Holdings Limited Key Financial Ratios	FY2024 Actual	FY2025 Actual	FY2026 Actual	FY2027 Forecast
EBITDA margin (%) *(EBITDA / revenue)*	35.07	36.08	29.83	43.92
Operating profit margin (%) *(Operating profit / revenue)*	22.62	26.22	20.43	34.15
Net profit margin (%) *(Profit after tax / revenue)*	16.09	18.77	15.61	23.71
Return on equity (%) *(Profit after tax / average equity)*	7.85	8.23	7.03	19.82
Return on assets (%) *(Profit after tax / average assets)*	3.36	3.49	2.59	7.35
Return on invested capital (%) *(Operating profit / average equity and net debt)*	7.26	7.99	5.71	16.87
Interest cover (times) *(EBITDA / net finance costs)*	5.82	5.41	2.64	7.05

STATEMENT OF TOTAL COMPREHENSIVE INCOME

SD Holdings reported revenue of €111.34 million in **FY2026**, representing an increase of 12.23% from €99.20 million in FY2025. Revenue growth was driven by the Group's two principal operating streams. Indeed, income from hospitality and ancillary services increased by 10.86% to €67.09 million, from €60.52 million, while F&B revenue rose by 14.37% to €44.25 million, from €38.69 million.

Net operating costs increased at a faster pace than revenue, rising by 23.21% to €78.13 million from €63.41 million in FY2025. Consequently, EBITDA declined by 7.22% to €33.21 million, from €35.79 million in the prior year, whilst the EBITDA margin contracted to 29.83% from 36.08% in FY2025. The year-on-year decline in EBITDA also reflected the positive impact of one-off income recognised in FY2025 from the recharge of development costs to an associate.

The increase in operating costs was mainly attributable to higher cost of sales and administrative expenses. Cost of sales increased by 9.27% to €71.48 million, from €65.41 million. However, as this increase was lower than the growth in revenue, gross profit expanded by almost 18% to €39.86 million, while the gross profit margin improved by 1.74 percentage points to 35.80%. On the other hand, administrative expenses increased by 64.27% to €19.90 million, from €12.11 million, mainly due to one-off costs related to the St George's Bay Project and Aki London.

Depreciation and amortisation increased by 6.90% to €10.46 million, from €9.79 million. Coupled with the contraction in EBITDA, operating profit declined by 12.53% to €22.75 million, from €26.01 million, whilst the operating profit margin fell to 20.43% from 26.22%. Moreover, return on invested capital ("**ROIC**") retracted to 5.71% from 7.99% in FY2025.

Net finance costs almost doubled to €12.58 million, from €6.61 million, as the Group increased its overall indebtedness considerably in support of its expansion. Given the higher finance costs and lower EBITDA, interest cover declined to 2.64 times from 5.41 times.

Fair value gains on investments declined to €0.49 million, from €1.24 million in FY2025, whilst the Group also recognised a €0.10 million loss on the sale of investments. Furthermore, the share of results from associates moved from a positive contribution of €0.45 million in FY2025 to a loss of €0.12 million. Conversely, SD Holdings recorded a €33.63 million gain on the sale of associates (namely, MHC, KAS, and KIS), which lifted profit before tax to €44.06 million from €21.09 million in the prior year.

The tax charge for the year increased materially to €26.68 million, from €9.50 million. Despite this, profit for the year from continuing operations increased by 50.08% to €17.38 million, from €11.58 million. Overall, however, profit for the year declined by 6.62% year-on-year, as FY2025 included €7.03 million in profit after tax from discontinued operations, whereas no corresponding contribution was recognised in FY2026. The net profit margin decreased to 15.61% in FY2026, from 18.77% in the prior year. Similarly, return on equity ("**ROE**") declined to 7.03% from 8.23%, while return on assets ("**ROA**") fell to 2.59% from 3.49%.

Other comprehensive income was nil in FY2026 compared with €11.13 million in the prior year reflecting positive fair value movements on land and buildings, net of tax. As a result, total comprehensive income declined by €12.36 million to €17.38 million, from €29.75 million in FY2025.

For **FY2027**, the Group is forecasting a marked improvement in operating performance, with revenue projected to more than double to €236.95 million, boosted by the inclusion of the St George's Bay Project within the Guarantor's operations. Consequently, net operating costs are also expected to rise markedly, albeit at a more moderate pace, to €132.89 million, resulting in EBITDA surging to €104.06 million and translating into an EBITDA margin of 43.92%.

Notwithstanding the material year-on-year growth, the updated revenue and EBITDA forecasts represent a downward revision from the previous projections of €377.96 million and €180.91 million, respectively, included in the Analysis dated 25 September 2025. The revisions are principally attributable to the delay in the commencement of operations at the St George's Bay Project and delivery of the residential component forming part of the same project.

Depreciation and amortisation charges are forecast to rise notably to €23.15 million, reflecting the expansion in the Group's asset base. Nevertheless, operating profit is expected to increase materially year-on-year to €80.91 million, translating into an operating profit margin of 34.15% and a ROIC of 16.87%.

Net finance costs are forecast to increase by 17.27% to €14.75 million, reflecting the additional debt supporting the Group's expansion. However, interest cover is still projected to improve markedly to

7.05 times, supported by the considerably stronger earnings base including the income from the sale of residential units forming part of the St George's Bay Project.

After taking into account the Group's share of results from associates, amounting to €0.56 million, profit before tax is forecast to increase by 51.42% year-on-year to €66.72 million. Taxation is projected to decline to €10.55 million, resulting in a profit for the year of €56.17 million. The net profit margin is consequently expected to improve to 23.71%, whilst ROE and ROA to edge higher to 19.82% and 7.35%, respectively.

SD Holdings Limited Statement of Cash Flows For the financial year 31 March	**2024 Actual €'000**	**2025 Actual €'000**	**2026 Actual €'000**	**2027 Forecast €'000**
Net cash from operating activities	30,614	54,163	9,061	69,574
Net cash used in investing activities	(16,078)	(63,455)	(119,337)	(88,786)
Net cash from financing activities	2,261	28,126	119,413	65,529
Net movement in cash and cash equivalents	**16,797**	**18,834**	**9,137**	**46,317**
Cash and cash equivalents at beginning of year	53,739	70,536	89,370	98,507
Cash and cash equivalents at end of year	**70,536**	**89,370**	**98,507**	**144,824**
Net cash from operating activities	30,614	54,163	9,061	69,574
Net capital expenditure*	(14,472)	(64,766)	(120,751)	(88,786)
Free cash flow	**16,142**	**(10,603)**	**(111,690)**	**(19,212)**

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

STATEMENT OF CASH FLOWS

Net cash generated from operating activities declined to €9.06 million in **FY2026**, from €54.16 million in FY2025. The contraction was principally due to an adverse working capital movement of €16.57 million, compared with a positive movement of €17.12 million in FY2025. Moreover, the Group recorded a taxation outflow of €7.94 million in FY2026, compared with an inflow of €0.98 million in FY2025.

Net cash used in investing activities increased substantially to €119.34 million in FY2026, from €63.46 million in FY2025, principally on account of capital expenditure relating to the St George's Bay Project, the RAK Project, Aki London, and the establishment of a laundry hub at the Xewkija Industrial Estate in Gozo. During the year, investment in property, plant, and equipment ("**PPE**") amounted to €122.71 million (FY2025: €18.97 million) while payments and advances to contractors for property development expenditure amounted to €27.48 million (FY2025: €45.19 million). As to cash inflows, the Group received €30.24 million from the disposal of associates, namely, MHC, KAS, and KIS. Overall, net capital expenditure increased considerably to €120.75 million, from €64.77 million in FY2025. Coupled with the drop in net cash generated from operating activities, free cash flow deteriorated to a negative €111.69 million in FY2026 compared with a negative €10.60 million in FY2025.

Net cash generated from financing activities rose to €119.41 million in FY2026, from €28.13 million in the prior year. Net bank borrowings amounted to €93.78 million, compared with €35.37 million in FY2025. A further €32.35 million was raised through the issuance of debt securities, whereas interest and lease payments amounted to €3.83 million (FY2025: €4.57 million) and €2.88 million (FY2025: €2.68 million), respectively.

Overall, the Group recorded a net increase in cash and cash equivalents of €9.14 million during FY2026. Cash and cash equivalents consequently increased by 10.22% to €98.51 million as at 31 March 2026, representing 13.13% of total assets, from €89.37 million a year earlier.

For **FY2027**, the Group is forecasting a substantial €60.51 million increase in net cash from operating activities to €69.57 million. The stronger cash generation is expected to be supported principally by the material improvement in operating performance and sales of residential units forming part of the St George's Bay Project, partly offset by an adverse movement in working capital.

Investing activities are forecast to result in a net cash outflow of €88.79 million, reflecting continued investment expenditure associated with the completion of the St George's Bay Project, ongoing capital expenditure across the Group, and other growth initiatives including the RAK Project. The lower investment outflow when compared to FY2026, together with the substantial improvement in operating cash generation, is expected to materially narrow the Group's free cash flow deficit to €19.21 million.

Financing activities are forecast to generate a further net cash inflow of €65.53 million in FY2027, supporting the Group's ongoing investment requirements. In particular, financing inflows during the year include proceeds from the issuance of Tranches II and III of 5.20% unsecured bonds 2031 under a €60 million bond programme, together with proceeds from bank borrowings.

Overall, cash and cash equivalents are expected to increase by €46.32 million to €144.82 million as at the end of FY2027, from €98.51 million a year earlier.

SD Holdings Limited				
Statement of Financial Position				
As at 31 March	**2024**	**2025**	**2026**	**2027**
	Actual	**Actual**	**Actual**	**Forecast**
	€'000	**€'000**	**€'000**	**€'000**
ASSETS				
Non-current assets				
Property, plant and equipment	247,681	279,991	395,916	415,703
Investment property under development	18,199	-	-	-
Intangible assets	889	1,221	1,526	1,376
Inventories	68,901	76,180	-	-
Investments in associates	24,139	3,724	6,408	56,399
Right-of-use assets	19,702	26,359	34,920	33,508
Net investment in lease	-	-	20,836	-
Deferred tax assets	873	997	-	8,468
Financial assets	2,232	3,475	-	-
Trade and other receivables	387	1,487	-	-
Other non-current assets	4,244	37,528	247	274
	387,247	**430,962**	**459,853**	**515,728**
Current assets				
Inventories	2,182	2,533	112,090	60,024
Trade and other receivables	11,984	65,026	49,072	27,350
Current tax assets	1,509	366	-	-
Net investment in lease	-	-	224	-
Cash and cash equivalents	71,036	89,548	98,507	144,824
Assets held for sale	-	402	-	-
Other current assets	-	3,002	30,478	30,702
	86,711	**160,877**	**290,371**	**262,900**
Total assets	**473,958**	**591,839**	**750,224**	**778,628**
EQUITY				
Capital and reserves				
Share capital	4,000	4,000	4,000	4,000
Reserves	133,489	144,620	144,621	151,782
Retained earnings	73,890	92,507	105,091	157,263
	211,379	**241,127**	**253,712**	**313,045**
LIABILITIES				
Non-current liabilities				
Bonds	64,780	64,891	97,466	60,000
Bank borrowings	15,666	44,756	103,470	148,438
Lease liabilities	64,857	61,029	79,648	58,647
Deferred tax liabilities	27,110	29,872	30,670	30,670
Trade and other payables	11,394	11,450	9,755	10,798
Redeemable preference shares	4,673	4,824	4,925	5,154
	188,480	**216,822**	**325,934**	**313,707**
Current liabilities				
Bonds	-	-	-	65,000
Bank overdraft	500	178	-	-
Bank borrowings	4,856	11,007	9,713	8,610
Lease liabilities	12,367	14,424	3,189	1,490
Current tax liabilities	5,980	14,199	30,776	3,065
Trade and other payables	50,396	94,082	126,900	73,711
	74,099	**133,890**	**170,578**	**151,876**
Total liabilities	**262,579**	**350,712**	**496,512**	**465,583**
Total equity and liabilities	**473,958**	**591,839**	**750,224**	**778,628**
Total debt	*163,026*	*196,285*	*293,486*	*342,185*
Net debt	*91,990*	*106,737*	*194,979*	*197,361*
Invested capital (total equity plus net debt)	*303,369*	*347,864*	*448,691*	*510,406*

SD Holdings Limited Key Financial Ratios	FY2024 Actual	FY2025 Actual	FY2026 Actual	FY2027 Forecast
Net debt-to-EBITDA (times) *(Net debt / EBITDA)*	2.96	2.98	5.87	1.90
Net debt-to-equity (times) *(Net debt / total equity)*	0.44	0.44	0.77	0.63
Net gearing (%) *(Net debt / net debt and total equity)*	30.32	30.68	43.46	38.67
Debt-to-assets (times) *(Total debt / total assets)*	0.34	0.33	0.39	0.44
Leverage (times) *(Total assets / total equity)*	2.24	2.45	2.96	2.49
Current ratio (times) *(Current assets / current liabilities)*	1.17	1.20	1.70	1.73

STATEMENT OF FINANCIAL POSITION

Total assets increased by €158.39 million during **FY2026** to €750.22 million, from €591.84 million as at the end of FY2025. PPE remained the Group's largest asset category and increased materially by €115.93 million to €395.92 million, from €279.99 million, representing 52.77% of total assets as at the end of FY2026. Inventories also increased substantially, rising by €33.38 million, to €112.09 million from €78.71 million in FY2025. Investments in associates increased by €2.68 million to €6.41 million whilst right-of-use assets rose by €8.56 million to €34.92 million. During the year, the Group also recognised a net investment in lease amounting to €21.06 million, representing the present value of future lease payments receivable under a sublease arrangement relating to St George's Mall. Conversely, trade and other receivables declined by €17.44 million to €49.07 million. Similarly, tax and financial assets decreased by an aggregate €4.84 million, while other current and non-current assets contracted by €9.81 million to €30.73 million.

On the funding side, the Group's equity base strengthened by €12.59 million to €253.71 million, from €241.13 million, comprising €4 million in share capital, €144.62 million in reserves, and €105.09 million in retained earnings.

Total liabilities increased by €145.80 million during FY2026 to €496.51 million, from €350.71 million as at the end of FY2025. This increase was largely attributable to higher indebtedness which rose by €97.20 million to €293.49 million, from €196.29 million. Factoring in cash balances, net debt increased by €88.24 million to €194.98 million, from €106.74 million. Debt securities increased by €32.58 million to €97.47 million, while bank borrowings more than doubled to €113.18 million, from €55.94 million. Lease liabilities increased more moderately by €7.38 million to €82.84 million.

Trade and other payables went up by €31.12 million to €136.66 million. This includes €74.31 million (FY2025: €37.45 million) in advance deposits from buyers for properties under construction by the Group pursuant to promise-of-sale agreements. Meanwhile, tax liabilities, comprising current and deferred balances, increased by €17.38 million to €61.45 million.

The increase in indebtedness resulted in a deterioration across the Group's principal debt ratios. Net debt-to-EBITDA increased to 5.87 times in FY2026, from 2.98 times in FY2025. Net debt-to-equity rose to 0.77 times, from 0.44 times, whilst net gearing climbed to 43.46% from 30.68%. The debt-to-assets ratio also increased to 0.39 times, from 0.33 times, whilst the leverage ratio edged higher to 2.96 times from 2.45 times. On the other hand, the current ratio improved to 1.70 times in FY2026, from 1.20 times in FY2025, principally reflecting the significant increase in inventories and higher cash balances.

For **FY2027**, the Group is forecasting a modest expansion in its asset base, with total assets increasing by €28.40 million to €778.63 million. PPE is forecast to increase by €19.79 million to €415.70 million, remaining the largest component of the Group's asset base. Investments in associates are forecast to increase materially by almost €50 million to €56.40 million, reflecting additional commitments to the RAK Project and the transfer of inventory relating to St George's Mall, while deferred tax assets of €8.47 million are also expected to be recognised. Conversely, right-of-use assets are projected to decline by €1.41 million to €33.51 million. More significantly, inventories are projected to decline by €52.07 million to €60.02 million amid also the sale of real estate forming part of ORA Residences. Trade and other receivables are likewise expected to decrease by €21.72 million to €27.35 million.

On the funding side, total equity is forecast to increase by €59.33 million to €313.05 million, reflecting higher retained earnings of €157.26 million (+€52.17 million) and an increase of €7.16 million to €151.78 million in reserves.

Total liabilities are forecast to decline by €30.93 million to €465.58 million, as the reductions in trade and other payables and current tax liabilities are expected to outweigh the increase in indebtedness. Indeed, total debt is expected to increase materially by €48.70 million to €342.19 million, with debt securities rising by €27.53 million to €125 million and bank borrowings moving higher by €43.87 million to €157.05 million. These increases are set to be partly offset by a €22.70 million reduction in lease liabilities to €60.14 million.

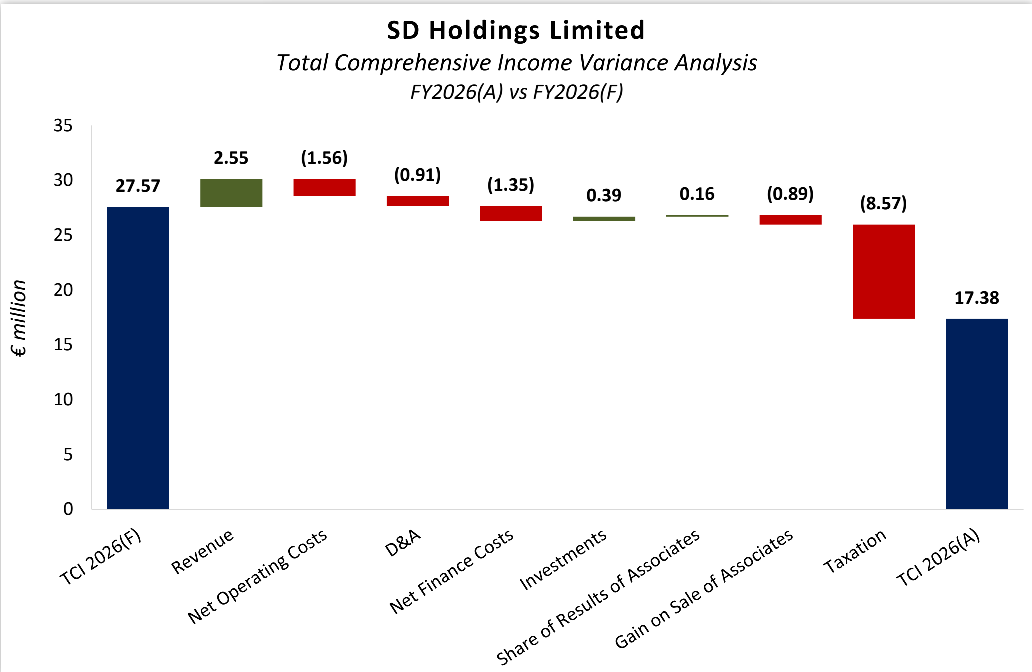
Net debt is forecast to rise at a considerably slower pace, increasing by just €2.38 million to €197.36 million, reflecting the higher cash balance anticipated at year-end. Invested capital is consequently expected to increase by €61.72 million to €510.41 million.

The net debt-to-EBITDA multiple is forecast to improve markedly to 1.90 times, reflecting the significantly stronger forecast EBITDA base. Net debt-to-equity is likewise expected to improve to 0.63 times, whilst net gearing and leverage are forecast to decline to 38.67% and 2.49 times, respectively. Conversely, the debt-to-assets ratio is forecast to increase to 0.44 times. From a liquidity perspective, the current ratio is forecast to improve slightly to 1.73 times, reflecting the sharper decline in current liabilities relative to current assets.

12. VARIANCE ANALYSIS

The following is an analysis of the major variances between the forecast financial information of the Guarantor for the year ended 31 March 2026, as included in the Analysis dated 25 September 2025, and the audited consolidated annual financial statements for the same period published on 28 July 2026.

SD Holdings Limited **Statement of Total Comprehensive Income** **For the financial year 31 March**	**2026** **Actual** **€'000**	**2026** **Forecast** **€'000**
Revenue	111,336	108,783
Net operating costs	(78,127)	(76,570)
EBITDA	**33,209**	**32,213**
Depreciation and amortisation	(10,461)	(9,552)
Operating profit	**22,748**	**22,661**
Net finance costs	(12,581)	(11,228)
Fair value changes of investments	492	-
Loss on sale of investments	(104)	-
Share of results of associates	(118)	(275)
Gain on sale of associates	33,625	34,511
Profit before tax	**44,062**	**45,669**
Taxation	(26,678)	(18,104)
Profit for the year	**17,384**	**27,565**
Total comprehensive income (net of tax)	**17,384**	**27,565**



STATEMENT OF TOTAL COMPREHENSIVE INCOME

In FY2026, SD Holdings generated revenue of €111.34 million, exceeding the forecast of €108.78 million by 2.35%. The favourable revenue variance was partly absorbed by higher net operating costs, which amounted to €78.13 million, compared with the forecast of €76.57 million, representing an adverse variance of 2.03%. Consequently, EBITDA amounted to €33.21 million, outperforming the forecast of €32.21 million by 3.09% (+€1 million).

The favourable variance at EBITDA level was, however, largely offset by higher depreciation and amortisation charges of €0.91 million, totalling €10.46 million versus a forecast of €9.55 million. As a result, operating profit stood at €22.75 million, only marginally above the forecast of €22.66 million.

Net finance costs amounted to €12.58 million in FY2026, 12.05% above the forecast of €11.23 million. Furthermore, the gain of €33.63 million on the sale of associates was 2.57% below the forecast of €34.51 million. On the other hand, the Group recognised a €0.49 million fair value gain on investments, whilst the loss from the share of results of associates was lower than anticipated.

Profit before tax amounted to €44.06 million compared with the forecast of €45.67 million, representing an adverse variance of just 3.52%. The tax charge for the year was substantially higher than estimated, at €26.68 million, resulting in an adverse variance of €8.57 million. Consequently, profit for the year amounted to €17.38 million, falling short of the forecast of €27.57 million by €10.18 million

SD Holdings Limited **Statement of Cash Flows** **For the financial year 31 March**	**2026** **Actual** **€'000**	**2026** **Forecast** **€'000**
Net cash from operating activities	9,061	11,742
Net cash used in investing activities	(119,337)	(196,302)
Net cash from financing activities	119,413	183,303
Net movement in cash and cash equivalents	**9,137**	**(1,257)**
Cash and cash equivalents at beginning of year	89,370	89,370
Cash and cash equivalents at end of year	**98,507**	**88,113**
Net cash from operating activities	9,061	11,742
Net capital expenditure*	(120,751)	(196,302)
Free cash flow	**(111,690)**	**(184,560)**

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

STATEMENT OF CASH FLOWS

In FY2026, SD Holdings generated €9.06 million in net operating cash flows, compared with the forecast of €11.74 million, representing an adverse variance of €2.68 million, principally due to working capital movements.

Net cash used in investing activities was €76.97 million lower than forecast, mainly due to lower expenditure on PPE and investment property, and a net cash inflow of €30.24 million from the disposal of investments in associates. The Group had expected the St George's Project to be further advanced by year end which therefore resulted in lower capital expenditure incurred during the reviewed financial year. As to the net cash inflow of €30.24 million, this transaction was accounted for in the forecast figures under operating activities rather than investing activities.

Accordingly, net capital expenditure amounted to €120.75 million, compared with the forecast of €196.30 million, resulting in negative free cash flow of €111.69 million compared with the forecast deficit of €184.56 million. Moreover, given the lower-than-forecast investment requirement, net cash generated from financing activities was €63.89 million below the projected €183.30 million, reflecting more moderate net inflows from borrowings.

Overall, the Group recorded a €9.14 million net movement in cash and cash equivalents in FY2026, compared with the forecast net outflow of €1.26 million. As a result, SD Holdings ended the year with a cash balance of €98.51 million, compared with the forecast of €88.11 million.

SD Holdings Limited		
Statement of Financial Position		
As at 31 March	**2026**	**2026**
	Actual	**Forecast**
	€'000	**€'000**
ASSETS		
Non-current assets		
Property, plant and equipment	395,916	441,320
Intangible assets	1,526	1,071
Inventories	-	143,367
Investments in associates	6,408	39,583
Right-of-use assets	34,920	23,402
Net investment in lease	20,836	-
Deferred tax assets	-	2,000
Financial assets	-	3,475
Trade and other receivables	-	1,400
Other non-current assets	247	-
	459,853	**655,618**
Current assets		
Inventories	112,090	2,533
Trade and other receivables	49,072	48,685
Net investment in lease	224	-
Cash and cash equivalents	98,507	88,113
Other current assets	30,478	-
	290,371	**139,331**
Total assets	**750,224**	**794,949**
EQUITY		
Capital and reserves		
Share capital	4,000	4,000
Reserves	144,621	146,620
Retained earnings	105,091	114,073
	253,712	**264,693**
LIABILITIES		
Non-current liabilities		
Bonds	97,466	101,183
Bank borrowings	103,470	152,290
Lease liabilities	79,648	43,094
Deferred tax liabilities	30,670	29,872
Trade and other payables	9,755	8,958
Redeemable preference shares	4,925	4,984
	325,934	**340,381**
Current liabilities		
Bank borrowings	9,713	56,550
Lease liabilities	3,189	11,707
Current tax liabilities	30,776	4,984
Trade and other payables	126,900	116,634
	170,578	**189,875**
Total liabilities	**496,512**	**530,256**
Total equity and liabilities	**750,224**	**794,949**
Total debt	*293,486*	*364,824*
Net debt	*194,979*	*276,711*
Invested capital (total equity plus net debt)	*448,691*	*541,404*

STATEMENT OF FINANCIAL POSITION

As at 31 March 2026, SD Holdings reported total assets of €750.22 million, €44.73 million below the forecast of €794.95 million. PPE, inventories, and other non-current and current assets were €48.49 million under forecast, primarily due to the extended timeline for completing the St George's Bay Project. Investments in associates and net investment in lease were €12.34 million below forecast, on account of postponements in the RAK Project. On the other hand, cash and cash equivalents were higher than projected by €10.39 million.

On the funding side, total equity amounted to €253.71 million, compared with the forecast of €264.69 million, representing an adverse variance of €10.98 million. Reserves amounted to €144.62 million, €2 million below the projected €146.62 million, whilst retained earnings of €105.09 million were €8.98 million lower than the forecast of €114.07 million.

Total liabilities amounted to €496.51 million, €33.74 million below the forecast of €530.26 million. The principal variance arose from substantially lower bank borrowings which stood at €113.18 million compared with the forecast of €208.84 million. In contrast, lease liabilities were €28.04 million higher than estimated, while the Group also ended FY2026 with higher-than-forecast tax liabilities and trade and other payables.

Total debt stood at €293.49 million as at 31 March 2026, €71.34 million below the forecast of €364.82 million. Excluding lease liabilities, total borrowings amounted to €210.65 million, compared with the forecast of €310.02 million, representing a favourable variance of €99.37 million. Moreover, the stronger-than-forecast cash position further widened the favourable variance in net indebtedness. Indeed, net debt amounted to €194.98 million compared with the forecast of €276.71 million. Consequently, invested capital stood at €448.69 million, €92.71 million below the forecast of €541.40 million.

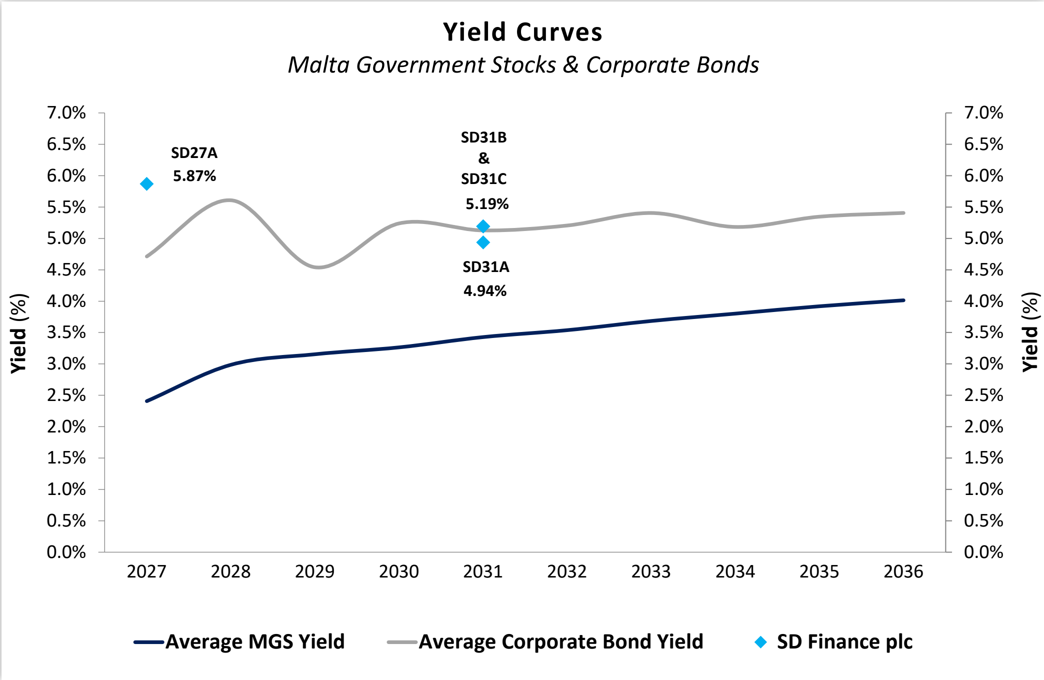
PART 3 – COMPARATIVE ANALYSIS

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

Comparative Analysis*	Amount Issued	Yield-to-Maturity / Worst	Interest Cover	Net Debt-to-EBITDA	Net Gearing	Debt-to-Assets
	(€'000)	*(%)*	*(times)*	*(times)*	*(%)*	*(times)*
4.00% International Hotel Investments p.l.c. Unsecured 2026	60,000	6.56	1.47	11.26	43.14	0.40
3.25% AX Group p.l.c. Unsecured 2026	15,000	3.18	3.81	4.88	39.07	0.35
4.00% Hili Finance Company p.l.c. Unsecured & Guaranteed 2027	50,000	3.92	4.45	4.66	68.88	0.59
4.35% SD Finance plc Unsecured & Guaranteed 2027	65,000	5.87	2.64	5.87	43.46	0.39
4.00% Eden Finance p.l.c. Unsecured & Guaranteed 2027	40,000	4.72	4.03	5.76	26.30	0.24
5.25% Mediterranean Investments Holding p.l.c. Unsecured & Guaranteed 2027	30,000	5.51	9.25	1.60	14.80	0.16
4.00% Stivala Group Finance p.l.c. Secured & Guaranteed 2027	45,000	4.04	4.91	5.15	21.67	0.20
4.75% Best Deal Properties Holding p.l.c. Secured & Guaranteed 2025-2027	5,408	4.73	n/a	9.43	76.67	0.72
3.85% Hili Finance Company p.l.c. Unsecured & Guaranteed 2028	40,000	5.56	4.45	4.66	68.88	0.59
5.85% Mediterranean Investments Holding p.l.c. Unsecured & Guaranteed 2028	20,000	5.28	9.25	1.60	14.80	0.16
5.75% PLAN Group p.l.c. Secured & Guaranteed 2028	12,000	5.01	5.65	7.37	55.40	0.54
5.75% Best Deal Properties Holding p.l.c. Secured & Guaranteed 2027-2029	15,000	5.31	n/a	9.43	76.67	0.72
5.00% Hili Finance Company p.l.c. Unsecured & Guaranteed 2029	80,000	4.24	4.45	4.66	68.88	0.59
3.65% Stivala Group Finance p.l.c. Secured & Guaranteed 2029	15,000	3.78	4.91	5.15	21.67	0.20
3.80% Hili Finance Company p.l.c. Unsecured & Guaranteed 2029	80,000	5.07	4.45	4.66	68.88	0.59
3.75% AX Group p.l.c. Unsecured 2029	10,000	3.75	3.81	4.88	39.07	0.35
6.25% GPH Malta Finance p.l.c. Unsecured & Guaranteed 2030	18,144	5.57	3.81	5.11	90.32	0.81
5.25% ACMUS p.l.c. Secured 2028-2030	19,000	4.97	3.88	475.77	80.85	0.76
5.10% PLAN Group p.l.c. Secured & Guaranteed 2030	28,200	4.96	5.65	7.37	55.40	0.54
5.20% SD Finance plc Unsecured & Guaranteed 2031 S1 T1	33,000	4.94	2.64	5.87	43.46	0.39
5.20% SD Finance plc Unsecured & Guaranteed 2031 S1 T2	20,000	5.19	2.64	5.87	43.46	0.39
5.20% SD Finance plc Unsecured & Guaranteed 2031 S1 T3	7,000	5.19	2.64	5.87	43.46	0.39
5.35% MM Star Malta Finance p.l.c. Secured & Guaranteed 2029-2031	35,000	5.33	1.20	10.63	75.36	0.69
3.65% International Hotel Investments p.l.c. Unsecured 2031	80,000	5.03	1.47	11.26	43.14	0.40
3.50% AX Real Estate p.l.c. Unsecured 2032	40,000	4.89	3.19	7.66	51.19	0.46
5.35% Best Deal Properties Holding p.l.c. Unsecured 2032	7,000	4.98	n/a	9.43	76.67	0.72
5.50% MM Triton Malta Finance p.l.c. Secured & Guaranteed 2032	45,000	4.97	1.40	9.39	71.50	0.67
5.80% GPH Malta Finance plc Unsecured & Guaranteed 2032	15,000	5.79	3.81	5.11	90.32	0.81
5.00% Mariner Finance p.l.c. Unsecured 2032	36,930	4.96	4.52	5.45	46.94	0.46
5.00% Hili Finance Company p.l.c. Unsecured & Guaranteed 2033	60,000	4.76	4.45	4.66	68.88	0.59
5.85% AX Group p.l.c. Unsecured 2033	40,000	5.32	3.81	4.88	39.07	0.35
6.00% International Hotel Investments p.l.c. Unsecured 2033	60,000	5.20	1.47	11.26	43.14	0.40
4.50% The Ona p.l.c. Secured & Guaranteed 2028-2034	16,000	4.77	3.62	7.48	73.09	0.68
5.35% Hal Mann Vella Group p.l.c. Secured 2031-2034	23,000	4.84	2.40	9.18	48.21	0.43
5.30% International Hotel Investments p.l.c. Unsecured 2035	35,000	5.15	1.47	11.26	43.14	0.40
5.50% Juel Group p.l.c. Secured & Guaranteed 2035	32,000	5.28	2.55	5.93	51.80	0.46
5.35% CPHCL Finance p.l.c. Unsecured & Guaranteed 2035	45,000	5.28	1.36	12.35	42.84	0.40
5.50% Finestday Malta p.l.c. Secured & Guaranteed 2036	25,000	5.32	1.92	7.68	60.83	0.55
5.25% International Hotel Investments p.l.c. Unsecured 2036	30,000	4.86	1.47	11.26	43.14	0.40

**As at 01 September 2026*

Sources: *(i) Malta Stock Exchange; (ii) M.Z. Investment Services Limited; and (iii) the most recent audited annual financial statements of the respective Issuers and, or Guarantors, except for MM Triton Malta Finance p.l.c. (FY2026[F]) and Finestday Malta p.l.c. (FY2027[P]).*



The closing market price of the **4.35% SD Finance plc unsecured and guaranteed bonds 2027** ("**SD27A**") as at 1 September 2026 was 99.00%. This translated into a yield-to-maturity ("**YTM**") of 5.87%, representing a premium of 116 basis points over the average YTM of 4.71% of other local corporate bonds maturing in the same year. The spread over the corresponding average Malta Government Stock ("**MGS**") yield of 2.41% stood at 346 basis points.

The closing market price of the **5.20% SD Finance plc unsecured and guaranteed bonds 2031 S1 T1** ("**SD31A**") as at 1 September 2026 was 101.00%. This translated into a YTM of 4.94%, representing a discount of 19 basis points to the average YTM of 5.13% of other local corporate bonds maturing in the same year. The spread over the corresponding average MGS yield of 3.43% stood at 151 basis points.

The closing market price of the **5.20% SD Finance plc unsecured and guaranteed bonds 2031 S1 T2** ("**SD31B**") and **S1 T3** ("**SD31C**") as at 1 September 2026 was 100.00%. This translated into a YTM of 5.19%, representing a premium of 6 basis points over the average YTM of 5.13% of other local corporate bonds maturing in the same year. The spread over the corresponding average MGS yield of 3.43% stood at 176 basis points.

PART 4 – EXPLANATORY DEFINITIONS

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

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

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

Statement of Financial Position

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

Financial Strength / Credit Ratios

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