

SP FINANCE p.l.c

**No. 89, The Strand,
Sliema,
Malta.**

Co. Registration No. C-89462

Ref: SPF - 73

COMPANY ANNOUNCEMENT

The following is a company announcement issued SP Finance p.l.c. (hereinafter the "Company") pursuant to the Capital Markets Rules issued by the Malta Financial Services Authority (the "Capital Markets Rules").

Quote

The Company announces that the annual audited financial statements of Sea Pebbles Limited (guarantor of the SP Finance p.l.c €12million 2029 4% Secured Bonds) for the financial year ended 31st December 2025, have been approved by the Board of Directors of Sea Pebbles Limited, are attached to the present Company Announcement and are also available for viewing at the registered office of the Company as also in the Investor Relations section on the Company's web portal: <https://pebbleshotalmalta.com/investor-relations/>

Unquote



Dr. Andrea Micallef
Company Secretary
30th April 2026

Registration Number: C6138

SEA PEBBLES LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2025**

SEA PEBBLES LIMITED

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SEA PEBBLES LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2025

Directors:	Ms. Josephine Casha Mr. Joseph Casha
Company Secretary:	Ms. Josephine Casha
Company number:	C-6138
Registered Office: -	89, The Strand, Sliema, Malta
Bankers: -	Bank of Valletta p.l.c 58, Zachary Street Valletta VLT 1130 Malta
Auditors:	VCA Certified Public Accountants Finance House, First Floor, Princess Elizabeth Street Ta' Xbiex XBX 1102 Malta

The Directors present their report and the audited financial statements of Sea Pebbles Limited for the year ended 31st December 2025

Principal activities

The principal activity of the Company is the operation of the Pebbles Boutique Aparthotel in Sliema.

Review of business

The Pebbles Boutique Aparthotel in Sliema was closed throughout 2024 and 2025. In March 2025, the Planning Authority granted a full development permission to Sea Pebbles Limited to construct a Class 3B Hotel with a total of 109 suites and ancillary facilities including a Class 4D restaurant. The demolition of the site during 2024 was carried out at a slower pace than anticipated due to the complexity of the work involved and the fact that the site is in a tourist area, thus subject to restrictions on when demolition works can be carried out. As a result of these delays, the hotel is now expected to re-open in Q4 2026.

During the year under review, the Company registered an operating loss of €101,042 (2024: operating loss of €402,138)

Results and dividends

The results for the year are shown in the statement of comprehensive income on page 3. The Directors do not recommend the payment of a final dividend and propose to transfer the retained profit to reserves.

Directors

The Directors in office at the end of the year are listed above.

The Directors served on the board throughout the year and in accordance with the Company's memorandum and articles of association, all the Directors are to remain in office.

SEA PEBBLES LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2025

Directors' Responsibilities

The Directors are required by the Companies Act (Chap. 386) to prepare financial statements in accordance with International Financial Reporting Standards as adopted by the EU which give a true and fair view of the state of affairs of the Company at the end of each financial year and of the profit or loss for the year then ended.

In preparing the financial statements, the director should:


- Select suitable accounting policies and apply them consistently.
- Make judgements and estimates that are reasonable; and
- Prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Company will continue in business as a going concern.

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

Auditors

A resolution to reappoint VCA Certified Public Accountants as auditor of the Company will be proposed at the forthcoming annual general meeting.

This report was approved by the board of Directors and authorized for issue on 30 April 2026 and signed on its behalf by:



Ms. Josephine Cashia
Director



Mr. Joseph Cashia
Director

SEA PEBBLES LIMITED

STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2025

	Notes	2025 €	2024 €
Revenue	4	-	11,990
Operating expenses	7	(231,402)	(311,900)
Administrative expenses	7	(121,515)	(366,377)
Other operating income	5	251,875	264,149
Operating loss		(101,042)	(402,138)
Depreciation and amortisation		(23,943)	(62,156)
Finance costs	6	(64,686)	(75,738)
Loss before taxation		(189,671)	(540,032)
Income Tax	8	68,287	163,813
Loss for the year		(121,384)	(376,219)
Comprehensive income			
<u>Items that will not be reclassified to profit and loss</u>			
Revaluation of Property, plant and equipment	9	11,338,552	-
Deferred tax on revaluation uplift of property, plant and equipment		(1,938,460)	-
Revaluation of Property plant and equipment, net of tax		9,400,092	-
Total other comprehensive income/(loss)		9,278,708	(376,219)

SEA PEBBLES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2025

	<i>Notes</i>	2025	2024
		€	€
Assets			
Non-current assets			
Intangible assets		460	460
Property, plant and equipment	9	38,849,965	20,853,795
PPE under development	10	3,150,035	718,241
Investment property	11	-	5,959,912
Right-of-use assets		3,405	6,813
Investment in subsidiary	13	1,200	1,200
		42,005,065	27,540,421
Current assets			
Trade and other receivables	14	2,689,241	2,317,121
Current tax recoverable	15	-	32,214
Cash at bank and in hand	16	5,162	8,344
		2,694,403	2,357,679
Total Assets		44,699,468	29,898,100
Equity And Liabilities			
Capital and reserves			
Share capital	17	1,715,875	1,715,875
Revaluation reserve	18	24,200,012	14,799,920
Other reserve	20	2,837,673	2,837,673
Retained earnings		324,680	446,064
Total equity		29,078,240	19,799,532
Non-current liabilities			
Borrowings	22	6,425,823	6,189,823
Deferred tax liability	23	3,863,026	1,870,583
Lease liability	13	-	1,144
		10,288,849	8,061,550
Current liabilities			
Short-term borrowings	22	5,018,541	1,021,009
Trade and other payables	21	312,694	1,011,597
Lease liabilities	13	1,144	4,412
		5,332,379	2,037,018
Total liabilities		15,621,228	10,098,568
Total equity and liabilities		44,699,468	29,898,100

These financial statements on pages 3 to 28 were approved and authorised for issue by the board of Directors on the 30 April 2026 and signed on its behalf by:


 Ms. Josephine Cashia
 Director


 Mr. Joseph Cashia
 Director

SEA PEBBLES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2025

	Share capital €	Revaluation reserve €	Retained earnings €	Fair value gain reserve €	Total €
Balance as at 1st January 2024	1,715,875	14,799,920	822,283	2,837,673	20,175,751
Loss for the year	-	-	(376,219)	-	(376,219)
Balance as at 31st December 2024	1,715,875	14,799,920	446,064	2,837,673	19,799,532
Loss for the year	-	-	(121,384)	-	(121,384)
<u>Comprehensive income</u>					
Revaluation of PPE – Note 9	-	9,400,092	-	-	9,400,092
Balance as at 31st December 2025	1,715,875	24,200,012	324,680	2,837,673	29,078,240

SEA PEBBLES LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2025

	<i>Notes</i>	2025 €	2024 €
Cash flows from operating activities			
Net profit before taxation		(189,671)	(540,032)
Adjustments for:			
Depreciation and amortisation		23,943	62,156
Profit on disposal of property plant and equipment		-	246,267
Operating loss before working capital movements		(165,728)	(231,609)
Movement in receivables	14	(149,801)	(144,590)
Movement in payables	20	(820,721)	650,072
Net cash (used in)/ generated from operating activities		(1,136,250)	273,873
Cash flows from financing activities			
Repayment of bank loans	21	(88,325)	(162,902)
New bank loan	21	236,000	-
Loan advances from parent company	21	4,117,610	402,338
Payment of lease liability		(4,412)	(4,162)
Net cash generated from financing activities		4,206,890	235,274
Cash flows from investing activities			
Acquisition of property, plant and equipment	9,10	(3,150,035)	(611,232)
Net cash used in financing activities		(3,150,035)	(611,232)
Net movement in cash and cash equivalents		(25,412)	(102,085)
Cash and cash equivalents at the beginning of the year		(168,964)	(66,879)
Cash and cash equivalents at the end of the year	16	(194,376)	(168,964)

SEA PEBBLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2025

1. General information

Sea Pebbles Limited (the 'Company') is a limited liability company domiciled and incorporated in Malta. The registered office of the company is 89, The Strand, Sliema, Malta.

These financial statements were approved for issue by the Directors on 30 April 2026. The Company's presentation as well as functional currency is denominated in €.

The Company forms part of a Group of companies, the ultimate beneficial owner being SP Finance p.l.c. The registered office of the parent company is 89, The Strand, Sliema, Malta.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and in accordance with the requirements of the Companies Act, 1995.

These financial statements have been prepared under the historical cost convention basis as modified by the fair valuation of the land and buildings class of property, plant and equipment and investment property.

Going concern basis

With a view to determining the appropriateness of preparing the financial statements on a going concern basis, the directors requested management to prepare realistic yet prudent financial projections for 2026 and beyond, by considering the following relevant matters, among others:

- The loss of accommodation revenue from the Pebbles Boutique Aparthotel until late 2026 while it is being re-constructed into a much larger hotel.
- The capital expenditure that is being spent in connection with this project.
- The fact that bank financing was obtained to finance a significant portion of the construction and completion costs of the Sliema project.
- The financial support from the operating results of related parties

The Directors are conscious that any financial projections presented to them include judgements and assumptions which at this stage remain subject to a material degree of underlying uncertainty, both in view of general risks as well as risks that are specific to the Company and the sectors in which it operates. Following a detailed evaluation of the judgments and assumptions taken into account in the preparation of these financial projections, these were considered to be realistic yet prudent and were thus adopted by the Board.

The directors concluded that the Group is likely to generate sufficient financial resources through its operations and external sources as to permit it to continue in operational existence for the foreseeable future. Accordingly, based on the outcome of the financial projections in a prudent scenario as referred to above, the Directors consider the going concern assumption in the preparation of the Company's financial statements as appropriate as at the date of authorisation for issue of the 2025 financial statements.

Standards, interpretations and amendments to published standards effective in 2025

In 2025, the Company adopted new standards, amendments and interpretations to existing standards that are mandatory for the Group's accounting period beginning on 1 January 2025. The Group has applied the following amendments for the first time for its annual reporting period commencing from 1 January 2025:

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

The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the Company's accounting policies.

SEA PEBBLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2025

2. Basis of preparation - *continued*

Standards, interpretations and amendments to published standards that are not yet effective.

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for this reporting period that commenced on 1 January 2025 and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and amendments is set out below.

- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7
- Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Translation to a Hyperinflationary Presentation Currency
- Annual Improvements Volume 11
- IFRS 18 Presentation and Disclosure in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (including amendments)

Except for the Amendments to the Classification and Measurement of Financial Instruments, and the issuance of IFRS 18, the adoption of these revisions to the requirements of IFRSs as adopted by the EU is not expected to result in any changes to the Company's accounting policies in the period of adoption.

The Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 are effective for annual periods beginning on or after 1 January 2026, and they have been endorsed by the EU. Amongst others, the amendments introduce an accounting policy choice to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met, and they also update the disclosures for equity instruments designated at fair value through other comprehensive income.

The directors do not expect the accounting policy choice introduced by these amendments to significantly impact the Company, and they have determined that the other amendments to IFRS 9 and IFRS 7 will not impact the recognition and measurement of the Company's financial instruments. The enhanced disclosures for equity instruments designated at fair value through other comprehensive income may lead to additional disclosures in the future, but will not impact the timing and amounts at which such assets are recognised and measured.

IFRS 18 will replace IAS 1 Presentation of financial statements. It introduces new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. IFRS 18 will not directly impact the recognition or measurement of items in the financial statements; it will however impact both the presentation of the primary statements, and the disclosures within the notes to the financial statements. Among other things, IFRS 18 introduces the requirement to present additional subtotals in the statement of profit or loss, and it modifies the requirements in relation to the statement of cash flows. It also introduces new disclosure requirements for management-defined performance measures (MPMs), and provides additional guidance on materiality and on aggregation and disaggregation. An assessment of the full impacts of IFRS 18's adoption is being carried out, with the following impacts having been identified up to the date of authorising these financial statements:

- new subtotals will need to be presented for operating profit or loss, and for profit or loss before financing and income taxes;
- finance costs will be categorised within the financing category of the statement of profit or loss;
- the statement of cash flows will need to commence from operating profit or loss, rather than from profit or loss before tax;
- interest payments will need to be re-categorised within the statement of cash flows as financing cash flows;
- the notes to the financial statements will need to incorporate additional disclosures, including reconciliations to IFRS-defined totals and explanations of the measure, in relation to the Adjusted EBITDA, which has been determined to meet the definition of an MPM.

IFRS 18 has been endorsed by the EU, and the Company will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and comparative information in the year of adoption will be restated to comply with IFRS 18. In the first year of application, the Company will also be required to disclose a line-by-line reconciliation of comparative figures between the amounts originally presented under IAS 1 and those re-presented under IFRS 18.

SEA PEBBLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2025

2. Basis of preparation – continued

Fair valuation

The Company is required to analyse non-financial assets carried at fair value by level of the fair value hierarchy within which, the recurring fair value measurements are categorised in their entirety (Level 1, 2 or 3). The different levels of the fair value hierarchy have been defined as fair value measurements using:

- Quoted prices (unadjusted) in active markets for identical assets (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- Inputs for the asset that are not based on observable market data (that is, unobservable inputs) (Level 3).

The level within which an asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

Fair value is based on active market prices, adjusted, if necessary, for difference in the nature, location or condition of the specific asset. If this information is not available, the Company uses alternative valuation methods such as recent prices on less active markets or discontinued cash flow projections. These valuations are reviewed periodically by the Company directors. The Company's policy is to recognise transfers into and out of fair value hierarchy levels as of the beginning of the reporting period. There were no transfers between different levels of the fair value hierarchy during the current and preceding financial years.

Use of judgements and estimates

The preparation of financial statements requires the use of accounting estimates which, by definition, will likely differ from the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to final outcomes deviating from estimates and assumptions made. Information about key judgements made in applying accounting policies, together with estimates made at the reporting date, that have the most significant effects on the amounts recognised in these consolidated financial statements is disclosed in the following notes:

- Note 12, land: techniques and assumptions made in measuring fair value, and

3. Material accounting policies

Property, plant, and equipment

Property, plant and equipment is initially measured at cost.

Property, plant and equipment comprise 1 hotel namely Sea Pebbles including the related Land and freehold airspace, building structure, facilities, furniture, fixtures, equipment, and other operational assets necessary for the hotel's and entertainment's operations.

Assets in the course of construction or development are carried at cost, less any identified impairment loss. Land and buildings that are not in the course of construction or development are subsequently stated at market value, based on valuations by external independent valuers, less depreciation; all classes of plant and equipment are subsequently measured at cost less depreciation. Cost includes directly attributable to the acquisition of the items, including professional fees and, for qualifying assets, eligible borrowing costs. Expenditure on repairs and maintenance of property, plant and equipment is recognised as an expense when incurred.

Depreciation commences when the depreciable assets are available for use and is charged to profit or loss so as to write off the cost or revalued amount, less any estimated residual value, over their estimated useful lives, using the straight-line method, on the following bases:

SEA PEBBLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2025

3. Material accounting policies - *continued*

	Years
Buildings	50
Furniture and fittings	20
Electrical Installations	10
Equipment	10
Motor vehicles	5
Computer equipment	4

Freehold land of the properties in is not depreciated as it is deemed to have an indefinite life. The depreciation method applied, the residual value and the useful life are reviewed, and adjusted if appropriate, at the end of each reporting period.

Revaluations of land and buildings are carried out at regular intervals, but at least every five years, unless the directors consider it appropriate to have an earlier revaluation, such that the carrying amount of property does not differ materially from that which would be determined using fair values at the end of the reporting period. Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset

Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property comprises freehold and leasehold land and buildings, and land and buildings held for capital appreciation

Investment property is initially measured at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at fair value at the end of the reporting period. Gains or losses arising from changes in the fair value of investment property are recognised in profit or loss in the period in which they arise.

The fair value of investment property reflects, among other factors, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the profit loss account during the financial period in which they are incurred.

Financial instruments

Financial assets other than interest in subsidiaries and other entities

The Company's financial assets comprise trade and other receivables, amounts due from related parties and cash and cash equivalents. The Company's financial assets comprise bonds proceeds advanced to its subsidiaries through investment in preference shares. The Company recognises a financial asset initially at fair value in its statement of financial position when it becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. All other investments in debt instruments are managed to collect the contractual cash flows and are accordingly measured at amortised cost.

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance, measured in accordance with the Company's accounting policy 'Impairment of financial assets' further below.

SEA PEBBLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2025

3. Material accounting policies - continued

Changes in the carrying amount of financial assets carried at amortised cost, as a result of foreign exchange gains or losses, impairment gains or losses and interest income are recognised in profit or loss. On derecognition, any difference between the carrying amount and the consideration received is recognised in profit or loss and is presented separately in the line item 'Gains and losses arising from the derecognition of financial assets measured at amortised cost'.

Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 90 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Company's impairment policies and the calculation of the loss allowance are provided in policy 'Impairment of financial assets'.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and at bank. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows and are presented in current liabilities on the statement of financial position. Bank deposits that the directors do not consider a component of cash equivalents, are presented separately in the statement of financial position.

Impairment of financial assets

The Company's assets are subject to an expected credit loss ("ECL") model for the purposes of providing for credit losses. The general ECL model requires management to make complex judgments and estimates about the credit risk of counterparties and the expected future recoverability of financial assets. The model incorporates a forward-looking view of credit losses, using historical data, current conditions, and reasonable and supportable forecasts of future economic conditions. ECLs are measured on either a 12-month or lifetime basis depending on whether there has been a significant increase in credit risk since initial recognition.

The assessment involves:

- Evaluating the financial health and repayment ability of counterparties
- Considering historical loss experience
- Incorporating macroeconomic indicators such as GDP growth, interest rates, and industry outlook
- Applying probability-weighted scenarios where appropriate

Where balances are with related parties, additional qualitative factors are considered, including:

- The related party's financial position and liquidity
- Strategic or operational importance of the relationship
- Any indications of restructuring, dispute, or repayment delays

Financial liabilities

The Company recognise a financial liability when it becomes a party to the contractual provision of the instrument. The Company's financial liabilities are classified as financial liabilities which are not at fair value through profit or loss. These financial liabilities are recognised initially at fair value, being the fair value of consideration received, net of transactions costs that are directly attributable to the acquisition or the issue of the financial liability. They are subsequently measured at amortised cost. The Company derecognises a financial liability from its statement of financial position when the obligation specified in the contract or arrangement is discharged, cancelled or expired.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method unless the effect of discounting is immaterial.

Borrowings are classified as current liabilities unless the companies within the Company have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Subsequent to initial recognition, interest-bearing bank overdrafts are carried at face value in view of their short-term maturities.

SEA PEBBLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2025

3. Material accounting policies - continued

Trade and other payables

Trade payables are classified within current liabilities unless payment is not due within 12 months from the reporting period. They are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method.

Ordinary shares issued by the Company

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

Revenue and cost recognition

(a) Management services

The Company provides management and administrative services to its related parties. These services are considered a single performance obligation satisfied over time, as the subsidiaries simultaneously receive and consume the benefits of the service provided. Revenue is recognised as one performance obligation over time during the contract term. Fees are typically charged on an agreed annual fee and invoiced in accordance with the contractual terms. Such services have been assessed to fall within scope of the IFRS 15 series guidance, such that they are recognised.

Borrowing costs

Borrowing costs include the costs incurred in obtaining external financing. Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised from the time that expenditure for these assets and borrowing costs are being incurred and activities that are necessary to prepare these assets for their intended use or sale are in progress. Borrowing costs are capitalised until such time as the assets are substantially ready for their intended use or sale. Borrowing costs are suspended during extended periods in which active development is interrupted. All other borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred.

Taxation

Current and deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also dealt with in other comprehensive income or in equity, as appropriate.

Current and deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also dealt with in other comprehensive income or in equity, as appropriate.

Current tax is based on the taxable result for the period. The taxable result for the period differs from the result as reported in profit or loss because it excludes items which are non-assessable or disallowed and it further excludes items that are taxable or deductible in other periods. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current tax assets and liabilities are offset when the Company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

SEA PEBBLES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2025

3. Material accounting policies - continued

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to set off its current tax assets and liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Related parties

Related parties are those persons or bodies of persons having relationships with the Company as defined in International Accounting Standard No. 21.

4. Revenue

	2025	2024
	€	€
Accommodation and other ancillary services	-	11,990

5. Other operating income

	2025	2024
	€	€
Rental income	30,000	30,000
Service charge receivable	101,875	114,149
Management fee	120,000	120,000
	251,875	264,149

6. Finance costs

	2025	2024
	€	€
Interest on bank overdraft	11,001	10,713
Interest on bank loan	626	5,161
Interest on related party loans	42,375	42,375
Lease finance charges and hire purchase interest	184	434
Bond issue fees	10,034	10,034
Other interest	466	7,021
	64,686	75,738

7. Expenses by nature

	2025	2024
	€	€
Management expenses	94,200	94,200
Wages and salaries (note)	81,686	118,696
Directors' remuneration (note)	122,902	122,357
Agency fees	-	5,284
Utilities	16,361	34,204
Auditors' remuneration	9,350	9,350
Loss on sale of property, plant and equipment	-	246,267
Other expenses	28,418	47,919
	352,917	678,277

Profit before tax for the Company is stated after charging the following fees in relation to services provided by the external auditors of the Company:

	2025	2024
	€	€
Annual statutory audit	9,350	9,350

SEA PEBBLES LIMITED
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7. Expenses by nature- continued

Staff costs and employee information

	2025	2024
	€	€
Wages and salaries	81,686	118,696
Directors' remuneration	122,902	122,357
	<u>204,588</u>	<u>241,053</u>

The average number of persons employed during the period was made up as follows:

	2025	2024
	Number	Number
Average number of employees & directors	9	13

8. Income tax credit

The company's income tax charge credit for the year has been arrived at as follows:

	2025	2024
	€	€
<i>Current income tax</i>		
<i>Deferred tax credit</i>	(68,287)	(163,813)
Tax credit for the year	<u>(68,287)</u>	<u>(163,813)</u>

Tax applying the statutory domestic income tax rate and the income tax expense for the period are reconciled as follows:

	2025	2024
	€	€
Loss of the year	(189,671)	(540,032)
Tax at the applicable rate of 35%	<u>(66,385)</u>	<u>(189,011)</u>
Tax effect of:		
Permanent differences	-	25,351
Maintenance allowance on rental income	(2,100)	(2,100)
Disallowed expenses	198	1,947
Tax credit for the year	<u>(68,287)</u>	<u>(163,813)</u>

SEA PEBBLES LIMITED
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FOR THE YEAR ENDED 31ST DECEMBER 2025

9. Property, plant and equipment

	Land & Buildings €	Motor Vehicles €	Computer Equipment €	Total €
<u>Cost</u>				
At 1 st January 2024	21,845,479	3,400	11,344	21,860,223
Disposals	(608,100)	-	-	(608,100)
Transfer to PPE under development	(107,010)	-	-	(107,010)
At 31st December 2024	21,130,369	3,400	11,344	21,145,113
Revaluation	11,338,552	-	-	11,338,552
Transfer from investment property	5,959,912	-	-	5,959,912
At 31st December 2025	38,428,833	3,400	11,344	38,443,577
<u>Depreciation</u>				
At 1 st January 2024	625,249	3,400	10,333	638,982
Charge of the year	57,980	-	768	58,748
Disposals	(406,412)	-	-	(406,412)
At 31st December 2024	276,817	3,400	11,101	291,318
Charge of the year	20,292	-	243	20,535
At 31st December 2025	297,109	3,400	11,344	311,853
<u>Net Book Value</u>				
At 31 December 2025	38,131,724	-	-	38,131,724
At 31 December 2024	20,853,552	-	243	20,853,795
At 1 January 2024	21,220,230	-	1,011	21,221,241

Note i – Transfer from investment property – During the current financial year, the Company reclassified a portion of land and buildings previously recognised within investment property (held for capital appreciation) to property, plant and equipment. This reclassification was effected following a change in the intended use of the asset, as the land is now being utilised in connection with the development of the Company's hotel, forming an integral part of the adjacent operational property. Accordingly, the transfer was accounted for in accordance with IAS 40 – Investment Property, whereby assets are transferred to owner-occupied property when there is a change in use evidenced by commencement of development for such purpose. The property was transferred at its carrying amount at the date of reclassification.

10. PPE Under development

	2025 €	2024 €
At 1st January	718,241	-
Additions	3,150,035	583,689
Transfer from PPE	-	134,552
As 31st December	3,868,276	718,241

This amount relates to the construction of the Sea Pebbles hotel situated in Sliema. The carrying amount includes borrowing costs that have been capitalised in accordance with the Company's accounting policies.

11. Investment property

	2025 €	2024 €
At 1st January	5,959,912	6,004,491
Transfer to PPE	(5,959,912)	-
Disposal	-	(44,579)
As 31st December	-	5,959,912

Lease arrangements

Lease arrangements were terminated in 2023, and the property is part of the ongoing construction in Sliema for a hotel and ancillary facilities.

SEA PEBBLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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12. Fair value of Land and Buildings

The Company's non-financial assets carried at fair value comprise of land classified as property, plant and equipment. The Company is required to analyse non-financial assets carried at fair value by level of the fair value hierarchy described in Note 2.

All the recurring property fair value measurements at 31 December 2025 and 2024, as applicable, use significant unobservable inputs and are accordingly categorised within Level 3 of the fair valuation hierarchy.

The Company uses the services of professional valuers to revalue the land and buildings and investment properties. The professional valuers take into account market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The highest and best use of a non-financial asset takes into account the use of the asset that is physically possible, legally permissible and financially feasible, as follows:

- A use that is physically possible, takes into account the physical characteristics of the asset that market participants would take into account when pricing the asset (e.g. the location or size of a property).
- A use that is legally permissible takes into account any legal restrictions on the use of the asset that market participants would take into account when pricing the asset (e.g. the zoning regulations applicable to a property).
- A use that is financially feasible takes into account whether a use of the asset that is physically possible and legally permissible generates adequate income or cash flows (taking into account the costs of converting the asset to that use) to produce an investment return that market participants would require from an investment in that asset put to that use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimising the use of unobservable inputs. As described in Note 2, the Company use valuation techniques that include inputs that are not always based on observable market data in order to estimate the fair value of land and building and investment properties. Note 16 provides detailed information regarding these valuation methods and the key assumptions used in performing such valuations.

Significant judgement and estimates

Determining the fair value of land and buildings involves significant estimates and assumptions, particularly when market-based evidence is not readily available, and the valuation relies on discounted cash flow (DCF) techniques. In such cases, the Company considers:

- Future cash flows expected to be derived from the continued use of the asset
- Estimated useful life and residual value of the asset
- Replacement cost or depreciated replacement cost (for non-income-generating assets)
- Market-based inputs, where available (e.g., comparable sales or rental yields)
- Discount rates reflecting current market assessments of the time value of money and asset-specific risks

Changes in assumptions, market conditions, or economic environment could result in significant adjustments to the carrying values of land and buildings. Independent professional valuers may be engaged to perform or assist with revaluations.

Management exercises judgment in selecting the appropriate valuation technique for each class of asset and in determining the frequency of revaluation. The selection of inputs - such as future price trends, production output, or usage assumptions - can significantly influence the valuation outcome. These estimates are reviewed regularly and revised as necessary.

The Company revalued its hotel property, which is currently undergoing construction, at the reporting date. The valuation was performed by an independent architect using the market comparison approach. In addition, the directors estimated the recoverable amount using a discounted cash flow model based on projected future cash flows expected to be generated by the property upon completion of the refurbishment.

SEA PEBBLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2025

12. Fair value of Land and Buildings - *continued*

The discounted cash flow model involves significant estimates and assumptions, including expected occupancy levels, average daily rates, operating margins, timing and cost to complete the refurbishment, and the discount rate applied.

Given the property is not yet operational and remains under construction, there is estimation uncertainty associated with the forecasted future cash flows. This uncertainty is understood primarily because the property is being constructed into a larger hotel with additional facilities, which differs from its previous use. As this represents a newly refurbished property with additional facilities, historical financial performance is not necessarily directly comparable, limiting the availability of relevant profit benchmarks. Management has assessed that the values derived from both the market comparison approach and the discounted cash flow model do not differ materially and has therefore used both valuation methods in determining the carrying amount at the reporting date.

Valuation techniques

The Company's land and buildings within property, plant and equipment consist of one hotel that is currently being developed which is owned and managed by the Group companies. The Company obtains independent valuations for its freehold land and buildings at least every five years.

At the end of each reporting period, the directors update their assessment of the fair value of each property, considering the most recent independent valuations. The directors determine a property's value within a range of reasonable fair value estimates. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the directors consider information from a variety of sources.

The Company's properties were valued by an independent architect using the market comparison method. In addition, the directors performed a valuation using a discounted cash flow model. Both valuation approaches resulted in consistent values, and no material differences were identified between the two methods.

When using the DCF technique, the significant unobservable inputs include:

Earnings before interest, tax, depreciation, and amortisation (EBITDA)	Based on projected income streams taking into consideration historical results and market expectations;
Growth rate	Based on management's estimated average growth of the company's EBITDA, mainly determined by projected growth in income streams;
Discount rate	Reflecting the current market assessment of the uncertainty in the amount and timing of projected cash flows. The discount rate reflects the estimated weighted average cost of capital that would be available to a Reasonably Efficient Operator (REO) for financing such an operation. The discount rate is based on an assumed debt to equity ratio; estimation of cost of equity is based on risk free interest rates adjusted for country risk and equity risk premium; estimation of cost of debt is based on risk free interest rates adjusted for country risk and assumed credit spread.

Valuation process

The Company's property within property plant and equipment (land and buildings together with all other integral assets) were revalued on 31 December 2025 by an independent valuer using comparative method and by the Directors using DCF methodology.

Where management, through its assessment, concludes that the fair value of its properties differs materially from its carrying amount, and at least every 5 years, an independent valuation report prepared by third party qualified valuers, is performed. The report is based on information provided by the Company. The information provided to the valuers, together with the assumptions and the valuation models used by the valuers, are reviewed by the directors. This includes a review of the fair value movement over the period. The directors consider whether the valuation report is appropriate to revalue the Company's property.

SEA PEBBLES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2025

12. Fair value of Land and Buildings - continued

During the current financial year, the Company revalued its land and the revaluation surplus was recognised in the Revaluation Reserve (refer to Note 24), in line with the revaluation model under IAS 16.

The DCF methodology was based on projected future cash flows expected to be generated by the property, discounted at a rate that reflects current market assessments of the time value of money and the risks specific to the asset. The architect valuation was based on the market participant's ability to generate economic benefits by selling the property to another market participant that would use the asset in its highest and best use.

The revaluation resulted in an increase in the carrying amount of the property by €11,338,552, which has been recognised in other comprehensive income in the Company's results, in accordance with the revaluation model under IAS 16 (for PPE). The Directors are of the opinion that the revalued amount represents a fair estimate of the property's value as at the reporting date.

Historical cost basis of properties

If the cost model had been used, the carrying amounts of the revalued properties classified as property, plant and equipment would be €8,245,569 (2024: €8,413,846). The revalued amounts include a revaluation surplus net of tax of €27,138,025 before tax (2024: €14,799,920), which is not available for distribution to the shareholders of Sea Pebbles Limited

Valuation inputs and relationships to fair value

The determination of the fair value of land and buildings and investment properties use future discounted cash flows ("DCF") projections based on significant unobservable inputs (categorised within Level 3 of the fair value hierarchy). These inputs include:

Description	Fair value at		Valuation technique	*Unobservable inputs	Relationship of unobservable inputs to fair value
	31 Dec 2025	31 Dec 2024			
	€	€			
<u>Property, plant, and equipment</u>					
Hotel property	38,121,734	20,864,158	Comparison Approach – sales price/sqm DCF Method	*€42k/sqm WACC: 9.25% Growth: 1.75% EBITDA: €2.3m - €7m	The higher the sales price per square metre the higher the fair value The lower the WACC the higher the fair value
<u>Investment properties</u>					
Leased buildings	-	5,959,512	Comparison approach	Sales price per square metre * €5,800	The higher the sales price per square metre the higher the fair value

*These inputs represent the inputs used in the external valuation carried out as at 31 December 2025. This inputs reflects the value of land footprint and overlying airspace with the potential to build additional floor.

13. Investment in subsidiaries

	Shares in subsidiary	Total
	€	€
At 1 st January 2025	1,200	1,200
At 31 st December 2025	1,200	1,200

SEA PEBBLES LIMITED
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14. Trade and other receivables

	2025	2024
	€	€
Deposit on items of PPE	-	740,000
Amounts owed by related parties (Note i)	2,422,085	1,526,358
Other receivables	11,390	6,390
Indirect taxation	222,320	-
Prepayments	-	893
Unamortised bond issue costs	33,446	43,480
	2,689,241	2,317,121

Note I – Amounts owed by related parties

These amounts relate to funds advanced to related parties. These amounts are unsecured, interest free and repayable on demand. The Company considers ECL assessment on these amounts using the methodology disclosed in these accounting policies. As at 31 December 2025 no impairment was required.

15. Current tax refundable

	2025	2024
	€	€
The tax provision is made up of:		
Balance at beginning of year	32,214	32,214
Corporation tax repayable	(147,808)	-
Set off against social security	115,594	-
Balance at end of year	-	32,214

16. Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following amounts in the statement of financial position:

	2025	2024
	€	€
Cash at bank and in hand	5,162	8,344
Bank overdraft	(199,538)	(177,308)
As presented in the statement of cashflows	(194,376)	(168,964)

17. Share capital

	2025	2024
	€	€
Authorised		
1,715,875 Ordinary shares of €1 each	1,715,875	1,715,875
Issued		
1,715,875 Ordinary shares of €1 each	1,715,875	1,715,875

18. Revaluation reserve

	2025	2024
	€	€
At 1st January	14,799,920	14,799,920
Revaluation uplift net of deferred tax	9,400,092	-
At 31st December	24,200,012	14,799,920

The revaluation reserve was created on the revaluation of the Company's property plant and equipment. The revaluation reserve is a non-distributable reserve.

SEA PEBBLES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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19. Other reserves

	Other Reserves	Share issue cost reserve	Total
	€	€	€
At 1st January 2025	2,938,013	(100,340)	2,837,673
At 31st December 2025	2,938,013	(100,340)	2,837,673

Other reserves

This reserve represents changes in fair value, net of deferred tax, on the investment properties held by the Company for long-term rental yields. Movement in fair values are presented in profit or loss as part of 'fair value gains on investment property'. Information about the valuation process of the investment property is disclosed in note 11 to these financial statements.

The fair value gain reserve is considered to be a non-distributable reserve.

Share issue costs reserve

This reserve represents finance costs for the funds received in relation to the issue of 3,750,000 Ordinary shares with a nominal value of €1 per share 100% paid up in the Company.

20. Trade and other payables

	2025	2024
	€	€
Trade payables	10,463	51,304
Accruals	18,674	25,400
Indirect tax payable	132,404	273,422
Amounts due to related parties	151,154	661,471
	312,969	1,011,597

21. Borrowings

	2025	2024
	€	€
<i>Falling due within one year:</i>		
Bank overdraft	(i) 199,538	177,308
Bank loan	(ii) -	88,325
Loan from parent	(iii) 4,819,003	755,376
Short-term borrowings	5,018,541	1,021,009
<i>Falling due in between two and five years:</i>		
Bank loan	236,000	-
<i>Falling due in five years or more:</i>		
Loan from parent	(iii) 6,189,823	6,189,823
Long-term borrowings	6,425,823	6,189,823

(i) Bank overdraft

At 31st December 2025, the company had a bank overdraft facility of €200,000 (2024: €200,000). This facility is secured by a general hypothec over the company's assets, a special hypothec over the company's immovable property, a general hypothecary guarantee over directors' assets and by pledges over various insurance policies.

(ii) Bank loan

During the current year the Company paid all its borrowings and started drawing down from a new bank loan which was sanctioned during the year. The facility of this loan is €8.3m as disclosed in note 24

SEA PEBBLES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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21. Borrowings - continued

(iii) Loan from parent

The purpose of this loan was to finance the Company's repayment of bank borrowings and expenditure in immovable property during 2019. This loan is unsecured and was originally interest-free. As from 1st January 2023, the interest rate on this loan was 6.5% per annum. Any loans from the parent falling due within one year remain interest-free.

22. Deferred tax liability

	2025	2024
	€	€
Deferred tax is analysed over the following temporary differences:		
Excess of capital allowances over depreciation	130,848	141,194
Unabsorbed tax losses and capital allowances	(515,440)	(582,969)
Effect due to tax treatment of bond costs	46,825	50,337
Effect due to tax treatment of finance leases	793	441
Effect due to revaluation of property, plant and equipment	4,200,000	1,880,440
Effect due to fair value movement of investment property	-	381,140
	3,863,026	1,870,583

Movements on the provision for deferred taxation are:

	2025	2024
	€	€
At 1st January	1,870,583	2,034,396
Recognised in profit or loss:		
Effect of revaluation uplift	1,938,460	-
Group relief	-	-
Movement in the excess of capital allowances over depreciation	(7,187)	(252,876)
Movement in absorbed tax losses and capital allowances	64,330	92,311
Effect due to tax treatment of bond costs	(3,512)	(3,512)
Effect due to tax treatment of finance leases	352	264
	3,863,026	1,870,583
At 31st December	3,863,026	1,870,583
Effect recognised in:		
Deferred tax movements recognised in profit or loss (Note 8)	(68,287)	(163,813)

23. Contingent Liabilities

The Company has various contingent liabilities, as listed hereunder.

The SP Finance Bond Trust

The Company as guarantor is securing the obligations of the ultimate parent company of the Group, SP Finance P.L.C in favour of the Security Trustee for the benefit of the Bondholders, and further guarantees the obligations of the SP Finance P.L.C. as Issuer of the Bond by constituting a guarantee whereby the Company, jointly and severally with the Issuer, unconditionally and irrevocably guarantees to the Bondholders the payment of, and undertakes to pay the indebtedness to, the Bondholders of any balance thereof at any time due or owing under the Secured Bonds. The Security Trustee holds as security immovably property owned by the Company. The Issuer is obliged to pay bond interest annually, until the date of redemption of the bond in May 2029.

SEA PEBBLES LIMITED
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24. Commitments

	2025	2024
	€	€
Contracted but not provided for	5,688,786	2,673,000

Financing

The contracted commitment is with a related party outside the Group. The value of works carried out will be financed through a bank loan of €8.3 million, sanctioned during FY2025 and obtained in FY2026.

25. Related party transactions

During the course of the year, the Company entered into transactions with related undertakings all of which arise in the ordinary course of business. The related party transactions were:

	Transactions value for the year ended	
	2025	2024
	€	€
Other operating income		
<i>Commonly controlled entity</i>		
Service charge receivable	221,875	234,149
Rental income	30,000	30,000
Administrative expenses		
Interest on loan	402,338	402,338

All outstanding balances with these related parties are priced on an arm's length basis and are to be settled in cash. None of the balances are secured. No expense has been recognised in the current and prior year for bad or doubtful debt in respect of amounts owed by related parties.

26. Financial risk management

The Company's activities potentially expose it to a variety of financial risks on its financial assets and financial liabilities. The key components of financial risks to the Company are: market risk (namely, cash flow interest rate risk and fair value interest rate risk), credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, and quoted prices, will affect the Company's financial position. The objective of the Company's market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Cash flow and fair value interest rate risk

The Company's interest rate risk arises on its interest-bearing borrowings. Borrowings issued at variable rates, comprising amounts due to Group companies, expose the Company to cash flow interest rate risk. The Company's amounts due to Group companies are subject to an interest rate that varies according to revisions made to the Bank's Base Rate and three-month Euribor. The Directors monitor the level of floating rate borrowings as a measure of cash flow risk taken on.

SEA PEBBLES LIMITED
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26. Financial risk management - continued

A shift in interest rates on borrowings at variable rates will however have an impact on profit or loss or other comprehensive income. The Directors consider the potential impact on the Company's profit or loss of a defined interest rate shift of 1.5%, that is reasonably possible, at the end of the reporting period keeping all other variables constant, to amount to +/- 3,540. The impact of a reasonably possible shift in interest rates is not expected to impact the fair value of financial instruments materially and therefore the Directors believe that the potential impact of such a shift on the statement of profit or loss is immaterial.

Credit risk

Credit risk is the risk of financial loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations, and arises from cash and cash equivalents, as well as credit risk exposures to customers, including outstanding receivables and committed transactions. These financial instruments are subject to the Expected Credit Loss model. The Company's exposure to credit risk is analysed in the respective notes in the financial statements.

	2025	2024
	€	€
Carrying amounts		
Trade and other receivables	2,689,241	2,317,121
Cash and cash equivalents	5,162	8,344
	<u>2,694,403</u>	<u>2,325,465</u>

The Company banks only with local financial institutions with high quality standard or rating. The Company has no concentration of credit risk that could materially impact on the sustainability of its operations.

The Company assesses the credit quality of its customers taking into account financial position, past experience and other factors. Standard credit terms are in place for individual clients, however, wherever possible, new corporate customers are analysed individually for creditworthiness before the Company's standard payment and service delivery terms and conditions are offered. The Company's review includes external credit worthiness databases when available.

The Company assesses the credit quality of its other receivables taking into account financial position, past experience and other factors. The Company's review includes external credit worthiness databases when available.

Impairment of financial assets

The Company's financial assets that are subject to the expected credit loss model include:

- Trade and other receivables; and
- Cash and cash equivalents.

Trade and other receivables

The Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables.

To measure the expected credit losses, trade and other receivables have been analysed based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 12 months before 31 December 2025 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Based on the assessment carried out in accordance with the above methodology, the identified expected credit loss allowance on trade and other receivables was deemed immaterial. The movement in loss allowances as at 31 December 2025 is also deemed immaterial by management. On this basis, the information pertaining to loss rates and loss allowances in the Company's provisions matrix, which would have otherwise been required by IFRS 7, is not presented as at 31 December 2025.

SEA PEBBLES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31st DECEMBER 2025

Financial risk management - continued

Trade and other receivables and accrued income are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 1 year past due.

Cash and equivalents

The Company's cash and cash equivalents are placed with reputable financial institutions, such that management does not expect any institution to fail to meet repayments of amounts held in the name of the Company. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was insignificant.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally of trade and other payables and interest-bearing borrowings. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Directors monitor liquidity risk by means of cash flow forecasts on the basis of expected cash flows over a twelve-month year. The carrying amount of the Company's assets and liabilities are analysed into relevant maturity groupings based on the remaining year at the balance sheet date to the contractual maturity date in the respective notes to the financial statements.

As at the balance sheet date, the Company is in a net current liability position of €2,670,192 (2024 net current asset of: €320,661) and has contracted commitments in place of €5,688,786 (2024: €2,673,000) (note 24). The Directors of the Company believe that full support of their related parties and the ultimate shareholders will be available as part of the Company's effective financing strategy. As such, the Company is confident that it will meet its commitments as and when they fall due.

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

	Carrying amount €	Contractual cash flows €	Within one year €	Two to five years €	More than five years €
31 December 2025					
Trade and other payables	90,376	90,376	90,376	-	-
Lease Liabilities	1,144	1,144	1,144	-	-
Bank borrowings	435,538	449,698	199,538	250,160	-
Loan from parent company	11,008,826	12,819,347	5,221,341	7,598,006	-
	11,535,884	13,360,565	5,512,399	7,848,166	-
	Carrying amount €	Contractual cash flows €	Within one year €	Two to five years €	More than five years €
31 December 2024					
Trade and other payables	1,011,597	1,011,597	1,011,597	-	-
Lease Liabilities	5,556	5,556	4,412	1,144	-
Bank borrowings	265,633	265,633	265,633	-	-
Loan from parent company	6,945,199	6,945,199	1,157,714	1,609,352	6,390,992
	8,227,985	8,227,985	2,439,356	1,610,496	6,390,992

SEA PEBBLES LIMITED
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31st DECEMBER 2025

27. Capital management

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

The capital structure of the Company consists of net debt (borrowings as presented in note 21 after deducting cash and bank balances, presented in note 16) and equity of the Company (comprising issued capital and retained earnings as presented in the Statement of Changes in Equity). The Company is subject to externally imposed capital requirements by bankers of the Company. These requirements have been met.

The Company monitors the capital structure on a periodic basis by monitoring the balances of assets and liabilities.

28. Fair values

At 31 December 2025, the carrying amounts of payables and receivables approximated their fair values due to the short-term maturities of these assets and liabilities. The fair values of long-term borrowings are not materially different from their carrying amounts.

29. Cash flow information

Reconciliation of liabilities arising from financing activities

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Statement of Cash Flows as cash flows from financing activities.

	As at 1 st January 2025	Cash flows	Other liability related changes	As at 31 st December 2025
	€	€	€	€
31 December 2025				
Bank borrowings	265,633	169,905	-	435,538
Lease Liabilities	5,556	-	(4,412)	1,144
Related party borrowings	6,945,199	4,063,627	-	11,008,826
	7,216,388	4,233,532	(4,412)	11,445,508
	As at 1 st January 2024	Cash flows	Other liability related changes	As at 31 st December 2024
	€	€	€	€
31 December 2024				
Bank borrowings	410,602	(144,969)	-	265,633
Lease Liabilities	9,718	-	(4,162)	5,556
Related party borrowings	6,542,861	402,338	-	6,945,199
	6,963,181	257,369	(4,162)	7,216,388



INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SEA PEBBLES LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sea Pebbles Limited set out on pages 3 to 25, which comprise the Company's statement of financial position as at 31 December 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2025, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards as adopted by the EU and have been prepared in accordance with the requirements of the Companies Act (Cap. 386), enacted in Malta.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Other Information

The Directors are responsible for the other information. The other information comprises the Directors' report. Our opinion on the financial statements does not cover this information, including the Directors' report. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Directors' report, we also considered whether the Directors' report includes the disclosures required by Article 177 of the Maltese Companies Act (Cap. 386). Based on the work we have performed, in our opinion:

- The information given in the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
 - The Directors' report has been prepared in accordance with the Maltese Companies Act (Cap.386).
 - In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Directors' report. We have nothing to report in this regard.
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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SEA PEBBLES LIMITED

Responsibilities of the Directors

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provided those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SEA PEBBLES LIMITED

Report on Other Legal and Regulatory Requirements

Under the Maltese Companies Act (Cap. 386) we are required to report to you if, in our opinion:

- We have not received all the information and explanations we require for our audit.
- Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
- The financial statements are not in agreement with the accounting records and returns.

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

This copy of the audit report has been signed by:

A handwritten signature in blue ink, appearing to read 'Michael Curmi', is written over a horizontal line.

MICHAEL CURMI
for and on behalf of
VCA CERTIFIED PUBLIC ACCOUNTANTS
30 April 2026