



Report & Financial Statements

31 December 2025

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Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2025.

Principal activity

KA Finance plc's ('the company') principal activity is to raise finance for its parent company whose business is to rent its investment property to third parties.

Review of business

During 2019, the company obtained funding through MTF Prospects by means of an issue of € 6,000,000 4.75% Secured Callable Bonds due between 2026 and 2029. In accordance with its company admission document, these bond funds are being used to finance the projects of its parent company, K.A. Holdings Limited ('the parent company').

By the end of this financial year a total amount of € 5,332,762 (2024: € 5,986,804) was loaned to the parent company. These funds have been used to acquire the excavated site at Triq il-Palazz l-Ahmar, Mriehel for the construction and development of Centris II, and for the construction and development of another site in Swieqi. Both properties are now completed and rented out. Part of the reduction in the amount due by KA Holdings Limited to KA Finance plc, represents the settlement of € 750,000 being the sinking fund obligation arising from the Company Admission Document (CAD) 24 July 2019 section 21.24.

Interest and other expenses incurred during the year were recharged to the parent company under contractual arrangements between the parties.

Results and financial position

During the year under review, the company reported a profit for the year amounting to € 1,358 (2024: loss for the year of € 29,612).

At year end, total assets amounted to € 6,098,427 (2024: € 6,116,903) while net current assets amounted to € 642,863 (2024: net current liabilities of € 26,869). Included in current assets are cash and cash equivalents amounting to € 757,689 (2024: € 53,941) which reflect the obligation to hold the amount of € 750,000 as a sinking fund in line with the CAD obligations dated 24 July 2019 section 21.24.

The directors do not recommend the distribution of dividends and propose to transfer the profit for the year to reserves.

Financial risk management

The company's activities expose it to a variety of financial risks, including credit risk, liquidity risk and market risk. These are further analysed in note 17 to these financial statements.

Events after the end of the reporting period

There have been no events subsequent to year-end which require adjustment to, or disclosure in, the financial statements or notes thereto.

Future developments

The directors intend to continue to operate in line with the current business plan.

Directors

The following have served as directors of the company during the year under review:

Mr John Soler	Independent Non-Executive Chairman
Dr Etienne Borg Cardona	Independent Non-Executive Director
Mr Kurt Philip Abela	Executive Director

In accordance with the company's Articles of Association, the present directors remain in office.

Disclosure of information to the auditor

At the date of making this report, the directors confirm the following:

- as far as each director is aware, there is no relevant information needed by the independent auditor in connection with preparing the audit report of which the independent auditor is unaware; and
- each director has taken all steps that he ought to have taken as a director in order to make himself aware of any relevant information needed by the independent auditor in connection with preparing the audit report and to establish that the independent auditor is aware of that information.

Statement of directors' responsibilities

The Companies Act, Cap. 386 requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

- adopt the going concern basis unless it is inappropriate to presume that the company will continue in business;
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting period on the accruals basis;
- value separately the components of asset and liability items; and
- report comparative figures corresponding to those of the preceding accounting period.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements have been properly prepared in accordance with the Companies Act, Cap. 386. This responsibility includes designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. They are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

Grant Thornton has intimated its willingness to continue in office and a resolution proposing its reappointment will be put to the Annual General Meeting.

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue operating for the foreseeable future. For this reason, the directors consider it appropriate to continue to adopt the going concern basis in preparing these financial statements.

Principal risks and uncertainties associated with the company

The company's main objective is that of a finance company. Given that the company does not carry out any trading activities, it is economically dependent on the business prospects of its parent company. The company is dependent on the receipt of income from its parent in relation to the Bond proceeds which it has advanced in the form of a loan. The parent company, which holds and rents out investment properties to a range of tenants, receives income from such rentals which enables it to repay the loan due to the company.

In this respect, the parent company's interest is to continue to manage its properties in order to ensure optimal utilisation thereof and achieve positive and sustainable financial results. The directors closely monitor the events that impact the ability of the parent company to honour its financial commitments. In this regard, the directors remain of the view that the amount receivable from the parent company by the company is recoverable.

A detailed review of the risk management policies adopted by the company is included in note 17 to these financial statements.



Mr John Soler
Director



Dr Etienne Borg Cardona
Director



Mr Kurt Philip Abela
Director

Registered address:
Project Technik
Canon Road
Qormi QRM 9032
Malta

7 April 2026

Statement of compliance with the Code of Principles of Good Corporate Governance

Introduction

The Prospects MTF Rules issued by the Malta Stock Exchange require qualifying companies admitted to Prospects MTF to observe relevant corporate governance standards, in this case, the Principles of Good Corporate Governance (“the Principles”) set out in the Capital Markets Rules Appendix 5.1.

The board of directors (“the board” or “the directors”) of KA Finance plc (“the company”) acknowledge that adherence with the Principles of Good Corporate Governance is in the best interests of the company, its shareholders, and other stakeholders.

The company's decision-making structure is designed to meet the company's requirements and to ascertain that decision making is subject to the necessary checks and balances.

Within this report, the group refers to the company and its immediate parent company, K.A. Holdings Limited.

General

Good corporate governance is the main responsibility of the board and has always been a priority for the company. In deciding on the most appropriate way to implement the Principles of Good Corporate Governance, the board took cognisance of the company's size, nature, and operations, and is of the opinion that the adoption of certain mechanisms and structures which may be suitable for companies with extensive operations may not be appropriate for the company.

The board considers that, to the extent otherwise disclosed herein, the company was compliant with the Principles of Good Corporate Governance throughout the year under review. This statement sets out the structures and processes in place within the company, and how these effectively achieve the goals set out in the mentioned Principles for the year under review. For this purpose, this statement makes reference to the pertinent Principles of Good Corporate Governance and then sets out the manner in which the board considers that these have been adhered to or otherwise.

Principle One: The company's board of directors

The directors report that for the financial year under review, they have provided the necessary leadership in the overall direction of the company, and they have performed their responsibilities for the efficient and smooth running of the company. The board is composed of members who are fit and proper to direct the business of the company with honesty, competence, and integrity. All the members of the board are fully aware of, and conversant with the statutory and regulatory requirements connected to the business of the company. The board is accountable for its performance and that of its delegates to the shareholders and to the other relevant stakeholders.

The board has throughout the period under review adopted prudent and effective systems which ensure an open dialogue between the board, senior management, and the shareholders. The board has a structure that ensures a mix of an executive and independent non-executive directors and that enables the board to have direct information about the company's performance and business activities.

Principle two: The company's chairman and managing director

The chairman, who acts as an independent non-executive director, exercises independent judgment and is responsible to lead the board and set its agenda, whilst also ensuring that the directors receive precise, timely and objective information so that they can take sound decisions and effectively monitor the performance of the company. The chairman is also responsible for ensuring effective communication and ensuring active engagement by all members of the board for discussion of complex or contentious issues.

The role of the managing director is carried out by the only executive director on the board who is also the ultimate beneficial owner of KA Finance plc ('the issuer') and K.A. Holdings Limited ('the guarantor'). The managing director is accountable to the board for all business operations and for any material decision on the guarantor as required in the restrictive covenants of the company's admission document.

Principle three: Composition of the board

The board is composed of three members, with two independent non-executive directors and one executive director. The board is responsible for the overall long-term strategy and general policies of KA Finance plc and K.A. Holdings Limited, the oversight of systems of control and financial reporting, and communications with the market as and when necessary.

The board of directors consists of the following:

Mr John Soler – Independent Non-Executive Chairman

Dr Etienne Borg Cardona – Independent Non-Executive Director

Mr Kurt Philip Abela – Executive Director

In accordance with the provisions of the company's Articles of Association, the appointment of directors is exclusively reserved to the company's shareholders. In the event that a vacancy arises for the role of a director, the board is required to call a general meeting within three months from when the vacancy arises to appoint a new director.

Mr John Soler and Dr Etienne Borg Cardona are independent non-executive members of the board. None of the independent non-executive directors are or have been employed in any capacity with the group, have or had a significant business relationship with the group, or have received significant additional remuneration from the group.

Principle four: The responsibilities of the board

The board acknowledges its statutory mandate to set out the strategic direction of the company. In fulfilling this mandate and in discharging its duty of stewardship of the company, formulating the company's strategy, taking decisions with respect to the issue, servicing, and redemption of its bonds in issue, and monitoring the operations of K.A. Holdings Limited, the board oversees the company's compliance with its commitments towards the bondholders and all the relevant laws and regulations. The board is also responsible for ensuring that the company establishes and operates effective internal control and management information systems and that it communicates effectively with the market.

Directors are entitled to seek independent professional advice at any time on any aspect of their duties and responsibilities, at the company's expense.

The Audit Committee

The audit committee has its own charter which establishes its terms of reference. The role of the audit committee is to assist the board of directors of KA Finance plc in fulfilling their oversight responsibilities for the financial reporting process, the system of internal control, the audit process, and the company's process for monitoring compliance with laws and regulations and the code of conduct. The audit committee shall meet not less than four times during every financial year. During 2025, the Audit Committee held five meetings.

Although the audit committee is set up at the level of the company, its main tasks are also related to the activities of the group. Through the mentioned charter, the board has set formal terms of establishment and terms of reference of the audit committee, that establish its composition, role and function, the parameters of its remit, as well as the basis for the processes that it is required to comply with. The audit committee is a sub-committee of the board and is directly responsible and accountable to the board. Furthermore, the audit committee has the role and function of scrutinising, evaluating, and authorising any proposed transaction to be entered into by the company and its parent company, to ensure that the execution of any such transaction is at arm's length and on a commercial basis, and ultimately in the best interests of the company. Any related party transactions are subject to the pre-approval of the audit committee. The audit committee charter also delegates the responsibility of reviewing the annual budget of KA Finance plc, taking into consideration K.A. Holdings Limited and relevant related companies. On a quarterly basis, the audit committee reviews the financial statements of KA Finance plc and relevant related group companies, as well as comparisons of actual results to projections.

The Audit Committee is composed of three members:

Dr Etienne Borg Cardona – Chairman
Mr John Soler – Member
Mr Kurt Philip Abela – Member

Dr Etienne Borg Cardona and Mr John Soler are both independent non-executive directors.

Dr Etienne Borg Cardona is a certified public accountant and auditor by profession and holds a PhD in leadership and management from Cranfield University UK. He has had a 30-year career in leadership positions in the private sector and is licenced by the MFSA to act as a Corporate Services Provider.

Mr John Soler has more than 40 years' experience in retail banking after holding several senior positions with BOV plc having led the bank's operations for over a decade before being appointed to the senior management team as Chief Officer Credit, with responsibility for BOV's lending portfolio, including corporate, business and consumer lending as well as mortgages.

Internal control

The board is ultimately responsible for the company's system of internal controls and for reviewing its effectiveness. The directors are aware that internal control systems are designed to manage the risk of failure to achieve business objectives, and can only provide reasonable, and not absolute, assurance against normal business risks. During the financial period under review, the company operated a system of internal controls which provided reasonable assurance of effective and efficient operations covering all controls, including financial and operational controls and compliance with laws and regulations. Processes are in place for identifying, evaluating, and managing the significant risks facing the company. Other key features of the system of internal control adopted by the company in respect of its own internal control as well as the control of its subsidiaries and affiliates are as follows:

(i) Control environment

The company, its parent company and other group related companies are committed to the highest standards of business conduct and seek to maintain these standards across all its operations. Group policies and employee procedures are in place for the reporting and resolution of fraudulent activities. The group has an appropriate organisational structure for planning, executing, controlling, and monitoring business operations in order to achieve group objectives.

(ii) Risk identification

The board is responsible for the identification and evaluation of key risks applicable to the areas of business in which the company and its parent company operate. These risks are continuously monitored and assessed.

(iii) Information and communication

Systems and procedures are in place to identify, control and to report on the major risks including credit risk, changes in the general market environment, cost overruns of certain projects, adequate liquidity at all times, operational error, and fraud. The board receives periodic management information giving comprehensive analysis of financial and business performance including variances against budgets. Periodic strategic reviews which include consideration of long-term financial projections are regularly commissioned by the board. An annual budget is prepared and performance against this plan is actively monitored and reported to the board.

General meetings

The general meeting is the highest decision-making body.

All business dealt with during an extraordinary annual general meeting and an annual general meeting shall be considered as special, except for the following matters that are dealt with during an annual general meeting:

- Declaration of a dividend;
- Consideration of the financial statements;
- Report of the directors and the auditors;
- Election of the directors; and
- Appointment of the company's auditors and fixing the remuneration of directors and auditors.

No business shall be transacted at any general meeting of the company unless a quorum of members is present at the time the meeting proceeds to business. The quorum at any shareholders' meeting shall be any number of members holding not less than fifty-one per cent of the nominal value of the issued equity shares of the company. Provided that if within half an hour from the time appointed for the meeting a quorum is not present, the meeting shall be adjourned to the same day in the next week at the same time or place or to such other day and such other time and place as all the directors may determine, as long as it is not earlier than ten days from the adjourned meeting and that no new items are included in the agenda.

If then, at the adjourned meeting a quorum is not present as described above, those present shall constitute a quorum.

Each share shall entitle the holder thereof to one vote. A shareholder who cannot participate in the general meeting can appoint a proxy by written or electronic notification. Every shareholder represented in person or by proxy is entitled to ask questions which are pertinent and related to items on the agenda of the general meeting and to have such questions answered by the directors or by such persons as the directors may delegate for that purpose.

Principle five: Board meetings

The directors meet regularly to dispatch the business of the board. The directors are notified of forthcoming meetings by the company secretary with the issue of an agenda and supporting board papers, which are circulated in advance of the meeting. Minutes are prepared during board meetings that faithfully record attendance, any potential conflicts of interest, and decisions and resolutions taken at the meeting. The Chairman ensures that all relevant issues are on the agenda supported by all available information, whilst encouraging the presentation of views pertinent to the subject matter and giving all directors every opportunity to contribute to relevant issues on the agenda. The board agenda seeks to achieve a balance between long-term strategic and short-term performance issues.

All board meetings are also attended by representatives of the Corporate Adviser, in order to ensure adherence to all rules governing Prospects MTF.

The board meets as often as frequently required in line with the nature and demands of the business of the company. Directors attend meetings on a frequent and regular basis and dedicate the necessary time and attention to their duties as directors of the company. The attendance of the board of directors for the year under review is shown below:

Mr John Soler – Board Chairman – Attended 5 out of 5 meetings

Dr Etienne Borg Cardona – Director – Attended 5 out of 5 meetings

Mr Kurt Philip Abela – Director – Attended 5 out of 5 meetings

Principle six: Information and professional development

The board together with the executive director make sure that the senior management of K.A. Holdings Limited is well motivated to ensure the highest level of employee retention. Moreover, all directors are very much aware of and kept informed of the operations of K.A. Holdings Limited.

Principle seven: Evaluation of the board's performance

The board does not consider it necessary to appoint a committee to carry out a performance evaluation of its role at this point in time. This will be considered in the future, as the size of KA Finance plc and K.A. Holdings Limited grows further and warrants the need of a separate committee to evaluate the performance of the board.

Principle eight: Remuneration and nomination committees

The board of directors considers that the size and operation of the issuer does not warrant the setting up of a nomination and remuneration committee. Appointments to the board of directors are determined by the shareholders of the issuer in accordance with the company's Memorandum and Articles of Association. The issuer considers that the members of the board possess the level of skill, knowledge and experience expected in terms of the Principles of Good Governance.

The remuneration of directors is a fixed amount per annum and does not include any variable component relating to profit sharing, share options or pension benefits. During the year under review, the directors received emoluments amounting in total to € 60,000 (2024: € 45,000).

Principle nine: Relations with shareholders and with the market

As already mentioned, the Annual Report and Financial Statements, the election of directors and approval of directors' fees, the appointment of the auditors and the authorisation of the directors to set the auditor's fees, and other special business, are proposed and approved at the company's annual general meeting. With respect to the company's bondholders and the market in general, the board of directors is committed to disclose all relevant information as soon as it is ascertained. In 2025, the company issued nine company announcements to keep the market informed and updated.

Principle ten: Institutional shareholders

KA Finance plc and K.A. Holdings Limited do not have institutional shareholders.

Principle eleven: Conflicts of interest

The only director of the company who acts as an executive director is Mr Kurt Abela. The other two directors act as independent non-executive directors and have no direct beneficial interest in the share capital of the company. This means that the board has a majority of independent non-executive directors to act as safeguard against any conflicts arising between the potentially diverging interests of the shareholder and the company. Before every audit committee and board meeting, all directors are required to disclose any actual or potential conflicts, and to confirm that there have been no changes in their situation since the last meeting, and this is duly minuted.

The audit committee has the task to ensure that any potential conflicts of interest are resolved in the best interests of the company. Furthermore, in accordance with the provisions of Article 145 of the Companies Act, Cap. 386 of the Laws of Malta, every director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the company is under the duty to fully declare his interest in the relevant transaction to the board at the first possible opportunity. Furthermore, he will not be entitled to vote on matters relating to the proposed transaction and only parties who do not have any conflict will participate in the consideration of the proposed transaction.

Principle twelve: Corporate social responsibility

The company and K.A. Holdings Limited seek to adhere to sound principles of corporate social responsibility in its management practices and is committed to enhance the quality of life of all stakeholders and of the employees of the group.

The board is mindful of safeguarding the environment and its responsibility within the community in which it operates. In carrying on its business, the group is fully aware and is at the forefront in safeguarding the environment and continuously reviews its policies aimed at respecting the environment and encouraging social responsibility and accountability.

In conclusion, the board considers that the company has generally been in compliance with the outlined principles of good corporate governance throughout the period under review in the most adequate manner with the size and nature of the company always kept in focus. Non-compliance with these Principles and the reasons for such deviations have been identified and feature in this statement.

Approved by the board of directors and signed on its behalf on 7 April 2026 by:



Mr John Soler
Chairman



Dr Etienne Borg Cardona
Director

Statement of profit or loss

	Notes	2025 €	2024 €
Recharged interest	16	285,000	285,000
Other income	16	122,423	91,770
Administrative expenses		(106,002)	(106,518)
Operating profit		301,421	270,252
Amortisation of bond issue costs	13	(14,332)	(14,332)
Finance costs	6	(285,000)	(285,000)
Profit (loss) before tax	7	2,089	(29,080)
Tax expense	8	(731)	(532)
Profit (loss) for the year		1,358	(29,612)
Earnings per share	9	0.03	(0.59)

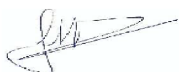
Statement of financial position

	Notes	2025 €	2024 €
Assets			
Non-current			
Trade and other receivables	10	5,332,762	5,986,804
		5,332,762	5,986,804
Current			
Trade and other receivables	10	7,976	76,158
Cash and cash equivalents	11	757,689	53,941
		765,665	130,099
Total assets		6,098,427	6,116,903

Statement of financial position – continued

	Notes	2025 €	2024 €
Equity			
Share capital	12	50,000	50,000
Accumulated losses		(22,180)	(23,538)
Total equity		27,820	26,462
Liabilities			
Non-current			
Borrowings	13	5,947,805	5,933,473
		5,947,805	5,933,473
Current			
Borrowings	13	101,507	101,507
Trade and other payables	14	21,178	55,442
Current tax liability		117	19
		122,802	156,968
Total liabilities		6,070,607	6,090,441
Total equity and liabilities		6,098,427	6,116,903

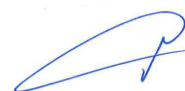
The financial statements on pages 11 to 28 were approved, authorised for issue, and signed by the Directors on 7 April 2026



Mr John Soler
Director



Dr Etienne Borg Cardona
Director



Mr Kurt Philip Abela
Director

Statement of changes in equity

	Share capital	Accumulated losses	Total equity
	€	€	€
At 1 January 2025	50,000	(23,538)	26,462
Profit for the year	-	1,358	1,358
At 31 December 2025	50,000	(22,180)	27,820
At 1 January 2024	50,000	6,074	56,074
Loss for the year	-	(29,612)	(29,612)
At 31 December 2024	50,000	(23,538)	26,462

Retained earnings include current and prior period results as disclosed in the statement of profit and loss.

Statement of cash flows

	Notes	2025 €	2024 €
Operating activities			
Profit (loss) before tax		2,089	(29,080)
Adjustments	15	299,332	299,332
Net changes in working capital	15	33,918	15,533
Income tax paid		(633)	(772)
Net cash generated from operating activities		334,706	285,013
Investing activity			
Net amount collected from parent company	16	654,042	29,154
Net cash generated from investing activity		654,042	29,154
Financing activity			
Interest paid		(285,000)	(285,000)
Net cash used in financing activity		(285,000)	(285,000)
Net change in cash and cash equivalents		703,748	29,167
Cash and cash equivalents, beginning of year		53,941	24,774
Cash and cash equivalents, end of year	11	757,689	53,941

Notes to the financial statements

1 Nature of operations

KA Finance plc's principal activity is to raise finance for its parent company whose business is to rent its investment property to third parties.

2 General information and statement of compliance with International Financial Reporting Standards (IFRS)

KA Finance plc ('the company') is registered as a public limited liability company the Companies Act, Cap. 386 with registration number C 91544. The company is incorporated and domiciled in Malta. The address of the company's registered office which is also its principal place of business is Project Technik, Canon Road, Qormi, QRM 9032, Malta.

The financial statements of the company have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU), and in accordance with the Companies Act, Cap. 386.

The financial statements are presented in euro (€), which is also the functional currency of the company. The amounts presented in the financial statements have been rounded to the nearest euro.

3 Going concern

The directors have a reasonable expectation that the company has adequate resources to continue operating for the foreseeable future. For this reason, the directors consider it appropriate to continue to adopt the going concern basis in preparing these financial statements.

4 New or revised Standards or Interpretations

4.1 New Standards adopted as at 1 January 2025

Some accounting pronouncements which have become effective from 1 January 2025 and have therefore been adopted do not have a significant impact on the company's financial results or position.

Amendments that are effective for the first time in 2025 and could be applicable to the company are:

- Lack of Exchangeability (Amendments to IAS 21).

These amendments do not have a significant impact on these financial statements and therefore the disclosures have not been made.

4.2 Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the company

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the International Accounting Standard Board (IASB) or International Financial Reporting Interpretations Committee (IFRIC). None of these Standards or amendments to existing Standards have been adopted early by the company and no Interpretations have been issued that are applicable and need to be taken into consideration by the company at either reporting date.

Standards and amendments that are not yet effective and have not been adopted early by the company include:

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and 7)
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)
- Annual Improvements to IFRS Accounting Standards—Volume 11
- IFRS 19 ‘Subsidiaries without Public Accountability: Disclosures’
- Amendments to IFRS 19 ‘Subsidiaries without Public Accountability: Disclosures’

These Standards and amendments are not expected to have a significant impact on the financial statements in the period of initial application and therefore no disclosures have been made.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement.

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 ‘Presentation of Financial Statements’. The adoption of IFRS 18 ‘Presentation and Disclosure in financial statements’, effective for periods commencing on or after 1 January 2027, is expected to have a material impact on the presentation of the financial statements, and therefore relevant disclosures are included below.

Although IFRS 18 includes many of the requirements of IAS 1, it introduces new requirements to better structure financial statements and to provide more detailed and useful information to investors, including:

- two new subtotals defined in the statement of profit or loss, namely (1) operating profit and (2) profit or loss before financing and income taxes
- the classification of all income and expenses within the statement of profit or loss in one of five categories
- a new requirement to disclose performance measures defined by management, and
- an improvement in the principles related to the aggregation and disaggregation of information in the financial statements and accompanying notes.

IFRS 18 will be applied retrospectively with specific transitional provisions.

The company is currently working to identify all of the impacts that IFRS 18 will have on the primary financial statements and notes to the financial statements.

Other new Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the company’s financial statements.

5 Material accounting policies

An entity should disclose its material accounting policies. Accounting policies are material and must be disclosed if they can be reasonably expected to influence the decisions of users of the financial statements.

Management has concluded that the disclosure of the company's material accounting policies below are appropriate.

5.1 Overall considerations and presentation of financial statements

The company's financial statements have been prepared on an accruals basis and under the historical cost convention. Monetary amounts are expressed in euro (€) and are rounded to the nearest euro.

The financial statements are presented in accordance with IAS 1 '*Presentation of financial statements*' (Revised 2007). The company did not have any items classified as 'other comprehensive income' and hence, has elected to present only a statement of profit or loss.

The accounting policies applied by the company are consistent with those used in previous years.

5.2 Revenue and expense recognition

Revenue arises mainly from recharged interest and other income.

To determine whether to recognise revenue, the company follows a five-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligation
3. Determining the transaction price
4. Allocating the transaction price to the performance obligation(s)
5. Recognising revenue when/as performance obligation(s) is/are satisfied.

Revenue is recognised when the amount of revenue can be measured reliably, collection is probable, the costs incurred or to be incurred can be measured reliably, and when the criteria for the company's activities have been met.

Expenses are recognised in the statement of profit or loss upon utilisation of the service or at the date of their origin.

5.3 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised on the company's statement of financial position when the company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled, or expired.

Classification and initial measurement of financial assets

Except for those trade and other receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets are classified into the following categories:

- amortised cost;
- fair value through profit or loss (FVTPL); and
- fair value through other comprehensive income (FVOCI).

The company does not have any financial assets categorised as FVTPL and FVOCI in the years presented.

The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in the statement of profit or loss are presented within 'finance costs' or 'finance income'.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

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

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The company's cash and cash equivalents, most of its trade and other receivables fall into this category of financial instruments.

Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at FVTPL.

The company considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month ECL' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables

The company makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the company uses its historical experience, external indicators, and forward-looking information to calculate the expected credit losses using a provision matrix.

The company assess impairment of trade and other receivables on a collective basis as they possess shared credit risk characteristics and they have been grouped based on the days past due.

Classification and measurement of financial liabilities

The company's financial liabilities include borrowings and most of its trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the company designates a financial liability at FVTPL.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in the statement of profit or loss are included within 'finance costs' or 'finance income'.

5.4 Income taxes

Tax expense recognised in the statement of profit or loss comprises the sum of deferred tax and current tax not recognised directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from the profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income. This is assessed based on the company's forecast of future operation results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

In addition, tax losses available to be carried forward are assessed for the recognition of deferred tax assets.

Deferred tax assets and liabilities are offset only when the company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in the statement of profit or loss, except where they relate to items that are recognised directly in equity, in which case the related deferred tax is also recognised in equity.

5.5 Cash and cash equivalents

For the purpose of the statement of financial position and statement of cash flows, cash and cash equivalents comprise demand deposits with banks.

5.6 Equity

Share capital represents the nominal value of shares that have been issued.

Accumulated losses include all current and prior period results as disclosed in the statement of profit loss.

5.7 Provisions and contingent liabilities

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, such as legal disputes or onerous contracts.

Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

Any reimbursement that the company is virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. All provisions are reviewed at each reporting period and adjusted to reflect the current best estimate of management.

5.8 Significant management judgements, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable and reliable in the circumstances, the results of which form the basis of making the judgements about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying adjustments are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

In the opinion of the directors, the accounting policies, estimates, and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree that would warrant their description as critical in terms of the requirements of IAS 1 (revised).

6 Finance costs

The following amounts have been included in the statement of profit or loss for the reporting years presented:

	2025 €	2024 €
Interest on MTF prospects	285,000	285,000

The interest incurred on the secured callable bonds are recharged to the parent company in full as disclosed in note 16.

7 Profit (loss) before tax

The profit (loss) before tax is stated after charging:

	2025 €	2024 €
Directors' remuneration	60,000	45,000
Auditor's remuneration	8,600	8,361

8 Tax expense

The relationship between the expected tax (expense) income based on the effective tax rate of the company at 35% (2024: 35%) and the actual tax expense recognised in the statement of profit or loss can be reconciled as follows:

	2025 €	2024 €
Profit (loss) before tax	2,089	(29,080)
Tax rate	35%	35%
Expected tax (expense) income	(731)	10,178
Adjustment for non-deductible expenses	-	(10,710)
Actual tax expense	(731)	(532)
Comprising:		
Current tax expense	(731)	(532)
	(731)	(532)

9 Earnings per share

Basic earnings per share is based on the profit for the year of € 1,358 (2024: loss for the year of € 29,612) attributable to the equity holders of the parent divided by the weighted average number of ordinary shares in issue during the year.

	2025	2024
Weighted average number of shares in issue	50,000	50,000
Earnings per share	€ 0.03	€ (0.59)

There is no difference between the basic and diluted earnings per share as the company has no potential dilutive ordinary shares.

10 Trade and other receivables

	2025 €	2024 €
Non-current		
Amounts due from parent company	5,332,762	5,986,804
Financial assets	5,332,762	5,986,804
Current		
Amounts due from parent company	-	68,113
Financial assets	-	68,113
Prepaid expenditure	7,976	8,045
Trade and other receivables – current	7,976	76,158
Total trade and other receivables	5,340,738	6,062,962

The carrying value of financial assets are considered a reasonable approximation of fair value.

The amounts due from parent company are secured, have no fixed date of repayment and bear interest equal to that of the interest payable by the company on the bonds. Interest charged in the current year amounted to € 285,000 (2024: € 285,000).

11 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position and the statement of cash flows include the following component:

	2025 €	2024 €
Cash at bank	757,689	53,941

Cash and cash equivalents held in the books of KA Finance plc at year end include the amount of € 750,000 held in a sinking fund in the line with the CAD obligations dated 24 July 2019 section 21.24.

12 Share capital

The share capital of the company consists only of ordinary shares with a par value of € 1. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of company.

	2025 €	2024 €
Shares issued and fully paid at 31 December		
50,000 ordinary shares of € 1 each	50,000	50,000
	50,000	50,000
Shares authorised at 31 December		
50,000 ordinary shares of € 1 each	50,000	50,000
	50,000	50,000

13 Borrowings

	2025 €	2024 €
MTF Prospects: 6,000,000 4.75% Secured Callable Bonds 2026-2029		
Amounts falling due within one year	101,507	101,507
Amounts due after more than one year	5,947,805	5,933,473
Total borrowings	6,049,312	6,034,980

By virtue of company's Admission Document dated 24 July 2019, the company has issued € 6,000,000 4.75% Secured Callable Bonds of nominal value of €100 per bond. Unless previously re-purchased or cancelled, the bonds are redeemable at their nominal value on 23 August 2029 with early redemption from 23 August 2026 at the option of the company.

The bonds have been admitted on Prospects MTF, a multilateral trading facility operated by the Malta Stock Exchange on 28 August 2019, with trading in the bonds commencing on 30 August 2019. The carrying amount of the bonds is € 6,049,312 (2024: € 6,034,980). The market value of the debt securities on the last day before the reporting date was € 5,700,000 (2024: € 5,877,000).

Interest is payable on the 23 August of each year at the rate of 4.75% per annum, payable annually in arrears on each interest payment date.

Transaction costs of € 143,696 directly related to the bond issue are being amortised over the life of the bond.

Net proceeds from the bond issue amounting to € 5,856,304 were advanced to the parent company as at year-end and form part of trade and other receivables in note 10. The bond is secured by a special hypothec on Centris II, Triq il-Palazz l-Ahmar, Mriehel.

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

	2025 €	2024 €
4.75% Secured Callable Bonds 2026-2029		
Original face value of bonds issued	6,000,000	6,000,000
Gross amount of bond issue costs	(143,696)	(143,696)
Net proceeds from issuance	5,856,304	5,856,304
Amortisation of bond issue costs		
Accumulated amortisation at beginning of year	77,169	62,837
Amortisation charge for the year	14,332	14,332
Accumulated amortisation at end of year	91,501	77,169
Unamortised bond issue costs	(52,195)	(66,527)
Interest accrued as at end of year	101,507	101,507
Amortised cost and carrying amount	6,049,312	6,034,980

14 Trade and other payables

	2025	2024
	€	€
Trade payables	12	-
Accrued expenses	12,520	48,561
Financial liabilities	12,532	48,561
Statutory payables	8,646	6,881
Total trade and other payables	21,178	55,442

Trade and other payables are carried at their nominal value which is considered a reasonable approximation of fair value.

15 Cash flow adjustments and changes in working capital

The following cash flow adjustments and net changes in working capital have been made to profit before tax for the year to arrive at operating cash flows:

	Notes	2025	2024
		€	€
Adjustments:			
Interest on MTF prospects	6	285,000	285,000
Amortisation of bond issue costs	13	14,332	14,332
		299,332	299,332
Net changes in working capital:			
Change in trade and other receivables		68,182	(8,004)
Change in trade and other payables		(34,264)	23,537
		33,918	15,533

16 Related party transactions

The company's related parties include its parent company, key management personnel and other related companies.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantee was given or received. Transactions with related companies are generally effected on a cost-plus basis. Outstanding balances are usually settled in cash. Amounts due from parent company are shown separately in note 10.

16.1 Transactions with parent company

	2025	2024
	€	€
Net amount collected from parent company	654,042	29,154
Interest recharged to parent company	285,000	285,000
Management fees charged to parent company	108,091	77,438
Expenses recharged to parent company	14,332	14,332

16.2 Transactions with key management personnel

The company's key management personnel are considered to be the directors. Transactions with key management personnel consist of their remuneration. The directors' remuneration is separately disclosed in note 7.

17 Risk management objectives and policies

The company is exposed to credit risk, liquidity risk and market risk through its use of financial instruments, which result from its operating and investing activities. The company's risk management is coordinated by the board of directors and focuses on actively securing the company's short to medium term cash flows by minimising the exposure to financial risks.

The financial risks to which the company may be exposed to are described below. See also note 17.4 for a summary of the company's financial assets and financial liabilities by category.

17.1 Credit risk

The company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the end of the reporting period, as summarised below:

	Notes	2025 €	2024 €
Classes of financial assets – carrying amounts			
Financial assets at amortised cost			
Trade and other receivables	10	5,332,762	6,054,917
Cash and cash equivalents	11	757,689	53,941
		6,090,451	6,108,858

Credit risk with respect to trade and other receivables is limited due to the nature of the company's operations. Trade and other receivables comprise mainly the amounts due from parent company. The company's concentration to credit risk arising from these receivables is considered limited as there were no indications that this counterparty is unable to meet its obligations. Management considers these to be of good credit quality. Management does not consider these receivables to have deteriorated in credit quality and the effect of management's estimate of the 12-month credit loss has been determined to be insignificant to the results of the company.

The credit risk for liquid funds is considered negligible since deposits are made with reputable banks that have a high-quality external credit-rating.

17.2 Liquidity risk

The company's exposure to liquidity risk arises from its obligations to meet its financial liabilities, which comprise borrowings and trade and other payables (see notes 13 and 14). The company has the financial support of its shareholders and related parties to ensure the availability of an adequate amount of funding to meet the company's obligations when they become due. The company's exposure to liquidity risk is therefore limited.

At 31 December 2025, the company's financial liabilities have contractual maturities which are summarised below:

	Current within 1 year €	Non-current within 2 to 5 years €	more than 5 years €	Total €
31 December 2025				
Borrowings	285,000	6,855,000	-	7,140,000
Trade and other payables	12,532	-	-	12,532
	297,532	6,855,000	-	7,152,532

At 31 December 2024, the company's financial liabilities have contractual maturities which are summarised below:

	Current within 1 year €	Non-current within 2 to 5 years €	more than 5 years €	Total €
31 December 2024				
Borrowings	285,000	7,140,000	-	7,425,000
Trade and other payables	48,561	-	-	48,561
	333,561	7,140,000	-	7,473,561

The above amounts reflect the contractual undiscounted cash flows which may differ from the carrying amounts of liabilities at the reporting date.

17.3 Market risk

Foreign currency risk

The company transacts business mainly in euro and had no foreign currency denominated financial assets and financial liabilities at the end of the reporting period under review. Accordingly, the company's exposure to foreign exchange risk is not significant.

Interest rate risk

The company is not exposed to interest rate risk as the company's borrowings are at a fixed interest rate.

17.4 Summary of financial assets and liabilities by category

The carrying amounts of the company's financial assets and liabilities as recognised at the end of the reporting periods under review may also be categorised as follows. See note 5.3 for explanations about how the category of financial instruments affects their subsequent measurement.

	Notes	2025 €	2024 €
Non-current asset			
<i>Financial asset measured at amortised cost:</i>			
- Trade and other receivables	10	5,332,762	5,986,804
Current assets			
<i>Financial assets measured at amortised cost:</i>			
- Trade and other receivables	10	-	68,113
- Cash and cash equivalents	11	757,689	53,941
		757,689	122,054
Non-current liability			
<i>Financial liability measured at amortised cost:</i>			
- Borrowings	13	5,947,805	5,933,473
		5,947,805	5,933,473
Current liabilities			
<i>Financial liabilities measured at amortised cost:</i>			
- Borrowings	13	101,507	101,507
- Trade and other payables	14	12,532	48,561
		114,039	150,068

18 Ultimate controlling party

The ultimate controlling party is Mr Kurt Philip Abela who owns 99.9% of the shares of the parent company.

19 Capital management policies and procedures

The company's capital management objectives are to ensure its ability to continue as a going concern and to provide an adequate return to shareholders and benefits to other stakeholders by pricing products and services commensurately with the level of risk, and maintaining an optimal capital structure to reduce the cost of capital.

The company monitors the level of debt, which includes borrowings and trade and other payables less cash and bank balances against total capital on an ongoing basis. The directors consider the company's gearing level at year end to be appropriate for its business.

20 Earnings trends and financial position and the effect of significant extraordinary events

The company is dependent on the business prospects of its parent company, K.A. Holdings Limited (the 'guarantor'), and therefore the trend information of the guarantor has a material effect on its financial position and prospects.

The company's principal activity is to raise finance for its parent company whose business is to rent its investment property to third parties.

The guarantor considers that generally, they shall be subject to the normal business risks associated with the business in which they operate. Even so, the company fully expects to generate sufficient revenues to meet its payments obligations to its bondholder and other payables.

21 Post-reporting date events

No adjusting or significant non-adjusting events have occurred between the end of the reporting period and the date of authorisation of these financial statements.

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Independent auditor's report

To the shareholders of KA Finance plc

Report on the audit of the financial statements

Opinion

We have audited the financial statements of KA Finance plc ('the company') set out on pages 11 to 28 which comprise the statement of financial position as at 31 December 2025, the statement of profit or loss, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies.

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 year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), and have been properly prepared in accordance with the requirements of the Companies Act, Cap. 386 ('the Act').

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming opinion thereon, and we do not provide a separate opinion on these matters.

We summarise below the key audit matters, together with our response by way of the audit procedures we performed to address those matters in our audit.

Recoverability of loans advanced to parent company

Key audit matter

Non-current trade and other receivables comprise loans to parent company, K.A. Holdings Limited (KAH), amounting to € 5,332,762 as at 31 December 2025. Such receivable represents the most significant asset of the company and has arisen because of the principal reason for which the company was incorporated, to act as a financing company for KAH. Loans advanced to KAH were from the net proceeds of the bonds issued by the company which is fully disclosed in note 13 to the financial statements.

How the key audit matter was addressed in our audit

We have examined and agreed the balances and terms of the loans to the supporting loan agreements. We have also agreed the outstanding balances as at year-end with the parent company. The recoverability of the loans were ascertained by assessing the financial soundness of KAH, who is also the guarantor of the bonds issued by the company, by referring to the latest financial information available in the parent company's financial statements, its cash flow projections and forecasts.

On the basis of our work, we determined that management's assessment as to the recoverability of loans advanced to parent company is reasonable.

Other information

The directors are responsible for the other information. The other information comprises the directors' report and Statement of compliance with the Code of Principles of Good Corporate Governance, shown on pages 5 to 10, which we obtained prior to the date of this auditor's report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information.

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 Act.

Based on the work we have performed, in our opinion:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with the Act.

In addition, 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 and other information that we obtained prior to the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of those charged with governance for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS as adopted by the EU and are properly prepared in accordance with the provisions of the Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors are responsible for overseeing the company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA 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 ISA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on other legal and regulatory requirements

Report on corporate governance statement

The Prospects MTF Rules ('the rules') issued by the Malta Stock Exchange require the directors to prepare and include in their annual report a Statement of compliance with the Code of Principles of Good Corporate Governance providing an explanation of the extent to which they have adopted the code of principles of good corporate governance under the rules and the effective measures that they have taken to ensure compliance throughout the accounting period with those principles.

The rules also require us, as the auditor of the company, to include a report on the Statement of compliance with the Code of Principles of Good Corporate Governance prepared by the directors.

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

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

In our opinion, the corporate governance statement set out on pages 5 to 10 has been properly prepared in accordance with the requirements of the rules.

Other matters on which we are required to report by exception

We also have responsibilities under the Companies Act, Cap. 386 to report to you if, in our opinion:

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

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

Auditor tenure

We were first appointed as auditors of the company on 2 December 2019 for a period of two years, and our first audit was for the period ended 31 December 2019. Our appointment has been renewed annually thereafter by shareholders' resolutions representing a total uninterrupted engagement appointment of seven years.

The Principal on the audit resulting in this independent auditor's report is Alex Brincat.



Alex Brincat (Principal) for and on behalf of

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7 April 2026