

VBL PLC
Annual Financial Report
and
Consolidated Financial Statements
31 December 2025

“This version of the Annual Report is not the official version. The official version is the ESEF Annual Financial Report 2025 that can be found on the Malta Stock Exchange portal at <https://www.borzamalta.com.mt/reports/VBL>.”

VBL Plc
Annual Financial Report and Consolidated Financial Statements - 31 December 2025

CONTENTS

	Pages
General information	2
Directors' report	3 - 16
Remuneration report and statement of the Directors	17 - 19
Statement by the Directors on Compliance with the Code of Principles of Good Corporate Governance	20 - 28
Statement of comprehensive income	29
Statement of financial position	30
Statement of changes in equity	31
Statement of cash flows	32
Notes to the consolidated financial statements	33 - 59
Independent auditor's report	60 - 66

VBL Plc

Annual Financial Report and Consolidated Financial Statements - 31 December 2025

GENERAL INFORMATION

Registration

VBL Plc is registered in Malta as a public limited liability company under the Maltese Companies Act (Cap. 386). The company's registration number is C 56012. Since last publication, there were no changes to the name of the reporting entity.

Place of domiciliation

Malta

Principal place of business

Malta

Directors

Dr. Andrei Imbroli
Mr. Artur Haze
Dr. Geza Szephalmi
Mr. David Galea Souchet
Mr. Julian Tzvetkov
Ms. Isabella Vella
Dr. John Attard (appointment expired on 31 July 2025)

Company secretaries

Dr. Joseph Borg Bartolo and Dr. Mikiel Calleja

Registered office and principal place of business

54, Marsamxett Road
Valletta VLT 1853
Malta

Principal bankers

Bank of Valletta p.l.c.
184, Triq In-Naxxar
San Gwann SGN 9030
Malta

Auditor

RSM Malta
Mdina Road
Zebbug ZBG 9015
Malta

DIRECTORS' REPORT

The Directors present their annual financial report and audited consolidated financial statements of VBL Plc ("the Company") and its subsidiaries (together, "the Group" or the "VBL Group") for the year ended 31 December 2025.

Principal activities

The Company and its fully owned subsidiaries forming the VBL Group, are involved in property ownership and the full process of real estate acquisitions, integrated real estate development, property management, operations, utilisation (rental) and disposal of properties. The Group's main market of operation is Valletta, which is a UNESCO world heritage site, and is a protected, unique and fortified city, the political and administrative centre of Malta.

During the course of over ten years of operations, the Group has established itself as one of the largest and most active investors in immovable property in Valletta (based on the number of owned, acquired and developed units, and the number of operated/managed properties in Valletta). VBL Group has a successful track record of identifying, acquiring, developing and managing real estate all around Valletta.

The Group's principal areas of activities are as follows:

- A. Property ownership, regeneration and maintenance.
- B. Identification and acquisition of real estate assets in the city of Valletta, and the consolidation of acquired properties to achieve sizeable development projects, spanning the planning and permitting stage to the preparation and development of the projects.
- C. Execution, on a project-by-project basis, of the restructuring, conceptualisation, re-development, regeneration and renovation of acquired real estate assets, including regeneration and improvement of related areas, neighbourhoods or districts of the capital city, improving overall quality of life for the local community and residents, creating modern, liveable community areas and supporting development of social and cultural activities.
- D. Operation and management of commercial and residential real estate assets with a view to generating a growing recurring rental income; or sale, and occasionally management for the new owners, of the re-developed assets, where the commercial opportunity to dispose of the asset secures higher margins than its on-going operation. This operational area also includes the management of other third-party real estate assets for accommodation, commercial and office space and the provision of professional operation and management of established hotels and hostels, by leveraging on VBL's existent operational structures and highly skilled management team, while providing high value-added services and overall solution to owners of such assets.

The Group has developed fully integrated professional skills and management structure with large range of in-house capabilities in each of the principal activities undertaken by the Group, ranging from the asset acquisition, asset regeneration/renovation/development, management and operation activities. The Group has established and operates a vertically integrated business process, based on a very well defined and focused target market, where it has proven skills to deliver on all aspects the whole cycle, whereby ensuring the high quality of products and/or services based on established in-house systems and structures, supported by a selection of trusted long-term business partners and sub-contractors to ensure efficiency and to reduce dependency on more vulnerable, short-term commercial relations, thus also ensuring that maximum benefit is derived from all activities.

Review of Business Development and Financial Position of the financial year 2025

The Group's financial performance remained stable during the reporting period and continued to build on the growth achieved in previous years. In 2025, the Group delivered strong revenue growth, with revenues increasing by 15% compared to the prior year. This improvement translated into a significant enhancement in operational profitability, with Operational EBITDA rising to €1,730,148 from €1,163,203 in the previous year, while the Operational EBITDA margin increased to 37% from 29%.

DIRECTORS' REPORT - continued**Review of Business Development and Financial Position of the financial year 2025 - continued**

The Group's operations continue to be influenced by broader market dynamics, including global economic conditions, airline seat capacity, changes in consumer prices, services inflation and labour market quality and supply challenges. Notwithstanding these external factors, the Group successfully progressed with the implementation of its strategic initiatives during the reporting period. This includes the continued execution of its renovation programme and the further consolidation of its presence within the Valletta hospitality market through the addition of new units to its hospitality portfolio.

Throughout the year, the Group maintained a clear strategic focus on its core market of Valletta, strengthening its position while delivering on its planned growth objectives.

In the reporting period, the Group has continued to progress with its development programme, which has resulted into €1,423,803 of Investment Income for the period (2024: €2,558,543), as the balance of fair value movement of individual portfolio assets and an overall significant increase in the book value of Investment Properties amounting to €3,952,558.

The proportion of renovated operational assets continues to grow, however it remains relatively low compared to the Group's total owned portfolio, a position which will change considerably upon completion of the ongoing developments. As of 31 December 2025, only about 30% of the Group's owned assets, based on square meters, were operational and revenue generating. The remaining part of the Group owned assets are under development or are being prepared for development, which projects significant growth opportunities in the coming years, resulting from the conversion of the owned non-performing assets into renovated, revenue generating properties. In the course of the current business year, the development activity of the Group was progressing overall in line with previously declared plans and additional unconverted assets were transformed to operational properties, adding circa 300 square meters to the developed operational portfolio of revenue generating assets, in addition to several other ongoing development projects. During the year, the Group has also continued the renovation and conversion of the Silver Horse Block Phase 2 ("SHB2") property, for which a Full Development Permit ("FDP") has been secured for an 88-room four-star hotel including Tourism Compliance Certification issued by the Malta Tourism Authority ("MTA"). Achievement of this key milestone was crucial for the Group to continue its course towards opening the first international hotel brand in Valletta. As previously announced, the completion of the SHB2 property is scheduled for the second half of year 2026, with the interim project development delays and usual complications resulting from the nature of the renovation and regeneration of old, historic properties expected to be largely resolved during the process. With the expected handover of the Group's current flagship project, and the revenue generation expected from this asset, the Group's financial and operational profile is projected to further improve and strengthen, maintaining the delivery of the long-term plans and projections.

The Group continued using its long-term banking development financing facility and the redeemable bond financing raised in prior periods, in line with the progress of the development programme. The unused bond proceeds were temporarily utilised as defined in the bond prospectus. The Group's overall leverage, however, remains very low. Third-party borrowings ratio remains at approximately 28%, as a result of the conservative management approach.

The core activity and the most significant value driver for the Group is real estate acquisitions and development, which accounts for the most significant value changes in the Group's accounts. The Group therefore – similarly to its peer companies – assesses and reflects the investment income as a separate line item right under total revenues. In the reporting period, Investment Income has reached €1,423,803 (2024: Investment income was €2,558,543), the year-on-year difference being due to the project development particularities, and in line with expectations.

The current development cycle, including the Group's current flagship project, SHB2, considerable square meters to be completed and handed over to operations beyond year 2025, in line with earlier disclosed plans. Thus, the significant development works carried out in 2025 on the Group's asset portfolio will contribute to the investment property fair value development and growth of the net book value, upon completion and handover of the ongoing development projects.

VBL Plc
Annual Financial Report and Consolidated Financial Statements - 31 December 2025

DIRECTORS' REPORT - continued

Review of Business Development and Financial Position of the financial year 2025 - continued

Investment property fair value and net book value is a reflection of the property's current state and thus, does not take into account the potential value of the property at completion.

	ACTUAL	ACTUAL	VARIANCE	
	Jan - Dec	Jan - Dec	2025 ACTUAL VS 2024	
	2025	2024	ACTUAL	
	€	€	€	%
Revenue	4,693,410	4,065,367	628,043	15%
Investment Income	1,423,803	2,558,543	(1,134,740)	(44%)
Cost of Sales	(1,725,784)	(1,702,351)	(23,433)	1%
Gross Profit	4,391,429	4,921,559	(530,130)	(11%)
GOP Margin	72%	74%	(2%)	
Other Operating Income	20,800	21,673	(873)	(4%)
Total Operating Costs	(1,257,668)	(1,221,486)	(36,182)	3%
EBITDA	3,154,561	3,721,746	(567,185)	(15%)
EBITDA Margin	52%	56%	(5%)	
EBITDA (Operational)	1,730,758	1,163,203	567,555	49%
EBITDA Margin (Operational)	37%	29%	8%	

Notes: Operational EBITDA and Operational EBITDA margin is calculated without investment income.

The Group's Annual Consolidated Audited Accounts for the year ended 31 December 2025 show several variances compared to the projections included in the Prospectus dated October 2024. Variances exceeding 10% are primarily attributable to the accelerated implementation of the Group's development and property regeneration plan, improved operational efficiencies, management actions and favourable market conditions. Conversely, lower than projected liabilities and borrowings reflect delayed payments and the slower utilisation of available financing facilities during the period.

Key positive variances compared to the projections include higher **investment income (+21%)**, significantly lower **cost of sales (-17%)**, and consequently stronger **gross profit (+29%)** and **EBITDA (+37%)**. In addition, **other operating income (+108%)**, **interest income (+69%)** and **profit before tax (+46%)** exceeded projections, while **administrative expenses (+13%)**, **depreciation and amortisation (+40%)** and **finance costs (+22%)** were higher than anticipated, largely reflecting increased activity and investment in development and regeneration projects.

On the balance sheet, **total liabilities (-11%)** and **borrowings (-14%)** were below projections, primarily due to the slower drawdown of financing facilities. Overall, the Group delivered stronger than projected profitability, driven by enhanced operational performance and effective execution of its strategic initiatives.

Dividends and Reserves

During the year ended 31 December 2025, gross dividends amounting to €220,000 (0.08829 euro cents per ordinary share) (2024: €200,000) were declared, while actual net dividends paid during the year amounted to €209,000 (2024: €200,000).

The Directors have proposed the balance of retained earnings amounting to €17,896,814 (2024: €16,496,908) be carried forward to the next financial year.

DIRECTORS' REPORT - continued

Listed Company Status

VBL Plc., as the principal company of the Group, is a listed entity at the Malta Stock Exchange (“MSE”). In the reporting year, there was no change in the number of the issued ordinary shares.

As at 31 December 2025, 100% of the Group’s equity and issued share capital is listed on the MSE with a total number of shares in issue of 249,179,183. All shares of the Group are ordinary shares, with nominal value of €0.20 each, and have the same shareholders’ rights.

The authorised share capital of the Group is €66,000,000.

Events After the End of the Reporting Period

There were no specific, materially important, events affecting the Group or its long-term outlooks, which occurred since the end of the reporting year. The long-term effects and uncertainties of the current global political and economic situation are currently not considered quantifiable, however, global security and geopolitical uncertainties and challenges might have an impact on the Group’s long-term business and development strategy. The Directors’ current view is that, despite the current global economic situation, the niche market in which the Group operates, and the specific characteristics of the Group’s property portfolio remains a competitive advantage and supports the adopted long-term business strategy.

Future Developments

The Group remains committed to sustaining its already proven dynamic growth trajectory through the continued implementation of its declared strategy and the execution of its announced development programme relating to its owned assets.

Chart 1: Revenue Growth Trajectory of VBL Group



Source: VBL Group's Accounts

DIRECTORS' REPORT - continued**Future Developments - continued**

Alongside the possible future expansion of its asset base, the Group continues to focus on further enhancing operational efficiencies and optimising the utilisation of its already developed properties, in line with its long-term business strategy and financial objectives.

The Group's ongoing renovation and regeneration programme remains a key driver of value creation. Through this programme, the Group continues to convert historic properties within its Valletta-based portfolio into modernised, revenue-generating rental assets, while preserving their architectural and cultural heritage. These initiatives not only strengthen the Group's increasingly diversified operational platform but also support the sustainable revitalisation of Valletta's historic urban environment.

In parallel, the Group continues to actively build and maintain a proprietary pipeline of opportunities within the Valletta real estate market, which represents a strong foundation for future growth. The Group's acquisition strategy remains highly selective and opportunistic, with a particular focus including larger or landmark properties that offer substantial redevelopment and value creation potential.

Over time, the Group has developed significant expertise in identifying and unlocking complex ownership and development situations, particularly in historically sensitive urban environments. This capability represents a key competitive advantage and continues to serve as an important driver of the Group's future growth and value creation. The Group's proven track record enables it to acquire properties with complex ownership or structural characteristics at attractive terms that are typically not accessible through the open market.

Importantly, a number of identified opportunities within the Group's proprietary acquisition pipeline are not currently reflected in the valuation of the Group's existing asset portfolio (similarly to the properties on *promise of sale* status), yet they represent meaningful additional value potential once executed. The successful realisation of these opportunities is expected to contribute further to the expansion of the Group's asset base and revenue generation capacity.

Looking ahead, the Group expects further growth in both revenues and asset values through the progressive realisation of this proprietary pipeline, supported by the continued implementation of its acquisition, development and operational strategy. The timing and scale of these initiatives remain dependent on available investment resources, financing conditions and prevailing market dynamics.

Ongoing development projects within the Group's portfolio are currently valued on a project value basis, considering the current development status and not reflecting the anticipated value of the assets upon full completion. As regeneration works progress and projects reach completion, the Group expects to unlock significant additional property value. Based on current development plans and execution timelines, these projects are projected to deliver meaningful increases in property value over the medium to long term, in line with the specific project milestones and updates periodically communicated by the Group.

Overall, the Group remains confident that the consistent execution of its strategy, together with its established presence in the Valletta market and its growing development pipeline, positions it well to continue delivering sustainable growth and long-term value creation for its stakeholders.

DIRECTORS' REPORT - continued**Financial Risk Management**

The Group is exposed to a range of financial risks arising from its operations and financing activities, including, among others, market risk, credit risk and liquidity risk. The Group's risk management framework seeks to identify, monitor and manage these risks in order to minimise potential adverse effects on the Group's financial performance and financial position.

The Group's overall risk management approach focuses on the potential volatility and unpredictability of external market conditions and core operational and financial markets. Accordingly, management continuously monitors the developments in the economic and financial environment and implements appropriate measures aimed at mitigating the potential impact of such risks on the Group's operations.

The Group applies a variety of analytical tools and methods to assess the different types of financial risks to which it is exposed. These include, among others, sensitivity analysis, scenario and assumption modelling, and ageing analysis in relation to credit exposures. Such analyses assist management in evaluating potential risk exposures and in determining appropriate mitigation strategies.

Responsibility for the implementation of the Group's risk management framework rests with executive management, operating under policies and procedures approved by the Group. These policies provide guidance on the identification, assessment and monitoring of financial risks, while also establishing appropriate internal controls, risk management procedures and exposure limits.

Through this structured risk management approach, the Group aims to maintain prudent financial management and operational environment, while supporting the sustainable growth and further development of its operations.

Environmental, Social and Governance (ESG) responsibility and commitment*ESG Commitment and Approach*

The Group recognises that sustainable and responsible business practices are fundamental to the long-term resilience, competitiveness and value creation of its operations. Environmental, Social and Governance ("ESG") considerations therefore form an integral part of the Group's strategic decision-making, operational management and corporate culture.

The Board of Directors, management team, employees and investors increasingly recognise the importance of embedding environmentally and socially responsible, ethical and sustainable practices across the Group's activities. In response, the Group has established a dedicated internal leadership structure responsible for overseeing ESG-related matters, ensuring that sustainability considerations are integrated into operational and strategic planning.

This leadership structure coordinates ESG initiatives across the Group's key business areas — development, real estate management and hospitality operations — while promoting awareness and engagement among employees, contractors, partners and other stakeholders. The Group aims to demonstrate a genuine commitment to responsible business conduct by continuously strengthening internal policies, improving operational processes where the Group has influence, and contributing to greater ESG awareness within its core market of operation.

The Group's ESG strategy is guided by three principal objectives:

- Preserving environmental and architectural heritage, particularly within historic urban areas such as Valletta;
- Promoting responsible and inclusive workplace practices across its workforce and supply chain; and
- Maintaining strong corporate governance and regulatory compliance as a publicly listed company

DIRECTORS' REPORT - continued

Environmental, Social and Governance (ESG) responsibility and commitment - continued

ESG Commitment and Approach - continued

These objectives support the Group's broader mission of contributing to a sustainable economic and social ecosystem while ensuring the long-term sustainability and profitability of its operations.

During the reporting period, the Group continued to strengthen its awareness and assessment of ESG-related risks and opportunities, recognising their increasing importance in navigating an evolving regulatory environment and supporting long-term corporate success.

Environmental Responsibility

Environmental considerations are particularly relevant to the Group given the nature of its activities in property restoration, development, real estate management and hospitality operations, especially within historically sensitive urban environments.

The Group's environmental strategy is centred on the 3R methodology — Reduce, Reuse and Recycle — which guides the design, development and operational management of its properties.

The Group places strong emphasis on adaptive reuse of existing buildings, minimising environmental impact while preserving the architectural and cultural heritage of the properties under its management.

Sustainable Development Practices

Within the development phase, the Group focuses primarily on restoration and regeneration projects rather than greenfield construction. Key environmental initiatives include:

- Prioritising restoration and adaptive reuse of existing buildings, thereby avoiding greenfield development and avoiding additional land consumption;
- Limiting new construction materials use through the regeneration and strengthening of existing structural elements, including floor slabs and load-bearing structures;
- Reuse of traditional Maltese architectural materials, including historic cement tiles, limestone blocks and stone slabs (*xorok*) recovered from renovation works;
- Restoration and reuse of original wooden beams and structural timber elements found within historical properties;
- Reduction of construction waste through the repurposing and integration of existing structural components wherever feasible;
- Storage and reuse of recovered materials, including limestone, *xorok* (traditional Maltese stone slabs), wooden apertures and traditional tiles, which are systematically catalogued and reused across the Group's projects.

These practices significantly reduce construction waste, lower the environmental footprint of development projects and contribute to the preservation of Malta's architectural heritage.

DIRECTORS' REPORT - continued

Environmental, Social and Governance (ESG) responsibility and commitment – continued

Sustainable Property and Hospitality Management

Environmental management continues throughout the operational lifecycle of the Group's properties. Key operational initiatives include:

- Reduction and gradual elimination of single-use plastics across hospitality operations through increasing introduction of refillable dispensers and reusable guest amenities, aiming to achieve total replacement of single use plastics;
- Furniture conservation and relocation programmes, allowing restored traditional furniture to be reused across the Group's portfolio;
- Creative repurposing of obsolete architectural elements, such as apertures and wooden frames, into artistic and decorative features;
- Installation of Room Management Systems (RMS) in newer developments, allowing automated control of lighting, heating and cooling systems;
- Implementation of energy management systems designed to optimise electricity consumption;
- Water conservation initiatives, including the installation of flow-control devices and water efficiency measures;
- Use of energy-efficient lighting systems and operational practices aimed at reducing unnecessary energy consumption.

These initiatives collectively support the Group's objective of reducing resource consumption and improving operational efficiency while maintaining high hospitality standards.

Social Responsibility

The Group recognises that its workforce, service providers and local communities are fundamental to the sustainable development of its business.

The Group therefore strives to maintain a working environment based on fairness, professional knowledge and skills, transparency and supporting ongoing professional development, while ensuring that workplace standards are consistently applied across both directly employed and outsourced personnel.

Key characteristics of the Group's workforce include:

- Representation of more than ten nationalities, including Maltese, EU and non-EU employees;
- An open and transparent recruitment process and management structure, with employment decisions based on merit and professional competence;
- Equal treatment across all employment levels regardless of nationality, status, background or employment arrangement.

The Group considers cultural diversity to be a valuable asset that enhances service quality, operational flexibility and innovation.

Workplace Culture and Employee Engagement

The Group actively promotes a corporate culture built on professional knowledge and ethics, skills, openness, fairness and mutual respect.

Key principles guiding workplace practices include:

- An open-door management policy encouraging transparent communication between employees and management;
- Equal opportunities for career development and professional advancement;

DIRECTORS' REPORT - continued

Environmental, Social and Governance (ESG) responsibility and commitment - continued

Workplace Culture and Employee Engagement - continued

- Ongoing training and professional development programmes, particularly in hospitality service standards, property management, health and safety practices and sustainability awareness;
- Maintenance of a safe and healthy working environment across construction, development and hospitality operations;
- Respectful integration of employees from different cultural backgrounds within a collaborative workplace environment.

The Group believes that maintaining a supportive and inclusive workplace contributes significantly to employee retention, service quality and long-term operational stability.

Community and Cultural Heritage

The Group's activities are closely connected to the preservation of Malta's architectural and cultural heritage, particularly within Valletta and surrounding historic areas.

Through its property restoration projects, the Group contributes to:

- The preservation of historically significant buildings;
- The revitalisation of historic urban environments;
- The sustainable development of tourism infrastructure in culturally sensitive areas.

These initiatives contribute positively to the wider community and support the long-term attractiveness of Malta's tourism sector and the promotion of the Maltese Heritage.

Governance

Strong corporate governance is fundamental to maintaining investor confidence, ensuring regulatory compliance and supporting the long-term sustainability of the Group.

As a publicly listed entity, the Company operates within a strict regulatory framework and adheres to recognised corporate governance principles and best practices.

The Company is regulated by the Malta Financial Services Authority (MFSA), which oversees financial markets and listed entities in Malta.

Corporate Governance Framework

The Group maintains a governance framework designed to ensure accountability, transparency and effective oversight. Key governance principles include:

- Clear organisational structures and defined decision-making responsibilities;
- Board-level oversight of strategic and operational matters;
- Internal policies and procedures designed to ensure compliance with regulatory requirements;
- Regular financial reporting and transparent communication with shareholders and investors.

The Group continuously seeks to strengthen its governance framework in line with evolving regulatory expectations and market practices.

DIRECTORS' REPORT - continued

Environmental, Social and Governance (ESG) responsibility and commitment – continued

Regulatory Compliance

The Group maintains strict compliance with applicable regulatory and legal requirements, including:

- The General Data Protection Regulation (GDPR), ensuring the protection and responsible handling of personal data;
- International standards relating to Anti-Money Laundering (AML) and counter-terrorist financing;
- Corporate governance rules applicable to listed entities.

Internal procedures are in place to ensure that all employees and business partners adhere to applicable laws, regulations and ethical standards.

Ethical Conduct and Political Neutrality

The Group maintains a strong commitment to ethical business conduct and responsible corporate behaviour. Key governance principles include:

- Transparent financial and operational reporting;
- Ethical conduct across all business activities;
- Compliance with applicable laws and regulatory standards;
- A strict policy of political neutrality, with the Group maintaining no political affiliations or engagements.

Planned Future Direction

The Group recognises that ESG considerations will continue to grow in importance for investors, regulators and stakeholders. Accordingly, the Group remains committed to strengthening its ESG practices, improving internal monitoring processes and enhancing transparency in its sustainability reporting.

By integrating ESG considerations into its long-term strategy, the Group aims to contribute to sustainable economic development, preserve Malta's architectural heritage and create lasting value for shareholders, employees and the communities in which it operates.

Outlook and Going Concern

The Directors are currently of the opinion that, despite potential short- to medium-term volatility in both global and local markets, the Group remains a going concern over the long term. Management expects the Group's financial performance to continue benefiting from its resilient portfolio of prime real estate assets in the historic city of Valletta, which provides strong positions for sustainable, long-term growth, continuing building on the same trend of the past years. The Group's development and growth trajectory is supported by its conservative business and financial strategy, alongside the ongoing execution of its declared development programme. The Directors anticipate that the core markets, industry dynamics, and general economic environment will remain stable over the medium to long term, despite the current global uncertainties, enabling the Group's financial performance to follow a consistent and positive trend.

Ongoing renovation and regeneration projects are progressing in line with expectations, effectively managing sector-specific challenges and interim delays. These projects are generally forecasted to conclude according to communicated schedules over the coming years, subject to successfully overcoming the challenges arising from the nature of the Group's core business – regeneration and renovation of historic assets in a World heritage environment - and the prevailing market risks and economic conditions remaining stable or improving.

DIRECTORS' REPORT - continued**Outlook and Going Concern - continued**

The Group's conservative leverage, low indebtedness, and structured long-term development financing provide strong resilience against internal and external industry or financial pressures. Current inflationary and interest rate trends disproportionately impact companies with weaker balance sheets and less robust asset bases, positioning the Group advantageously in comparison.

The prevailing economic and market conditions may also present new opportunities, which the Group intends to pursue to enhance its core offerings, while maintaining a clear strategic focus.

Based on the current known market environment and anticipated business developments, the Directors are confident that the Group will continue to operate as a going concern.

Principal Risks and Uncertainties

The key risk factors the Group is facing, have been categorised under five main categories, according to whether the risk factors relate to:

- (i.) risks relating to the acquisition and disposal of immovable property;
- (ii.) risks relating to construction and development of immovable property;
- (iii.) risks relating to management and operation of immovable property;
- (iv.) risks related to the change of interest rates and the conditions of financing deriving from the overall global economy, local financial market, global and European inflationary environment and Euro-based interest rates; and
- (v.) risks relating to the general business and operations of the Group, including global political and economic instability, cyber threats, geopolitical or supply chain risks. This category of risk factors is intended to encapsulate those risk factors that concern the day-to-day operations and activities of the Group, regardless of the line of operations concerned and are, therefore, considered to apply equally to each of the individual business lines referred to in categories (i) to (iv).

In addition, the Board of Directors considers that in view of the concentration of the Group's immovable properties in Valletta, it is appropriate to identify those specific risks that are attributable to, or associated with, the market for immovable property situated in Valletta, taking into account the unique characteristics of the Valletta market, its historic and political/administrative background. Those risks relating specifically to the Valletta immovable property market that are identifiable at the date hereof have been included within the main categories referred to above respectively.

If any of the risks described were to materialise and could not be mitigated under reasonable terms, they could have a serious effect on the Group's financial results, financial condition, operational performance, business and/or trading prospects. The risks and uncertainties discussed above are those identified as such by the Board of Directors as at the date of this Report, but these risks and uncertainties may not be the only ones that the Group faces or could face. Additional risks and uncertainties, including any which the Board of Directors are not currently aware of, or that the Board of Directors currently deem immaterial or remote, individually or cumulatively, may well result in a material impact on the financial results, financial condition, operational performance, and/or trading and development activities of the Group.

VBL Plc

Annual Financial Report and Consolidated Financial Statements - 31 December 2025

DIRECTORS' REPORT - continued

Shareholding Structure of the Group Pursuant to Capital Markets Rule 5.64

The issued share capital of the Group as at the date of this report is 249,179,183 ordinary shares with a nominal value of €0.20 per share. All shares are listed on the Malta Stock Exchange and hold the same rights.

The Group's shareholders holding 5% or more in direct or indirect shareholding are:

Shareholder's Name	Number of Shares (owned directly)
VBLM Limited	46,000,010
Artur Haze	44,010,815
Geza Szephalmi	40,433,395
Andrei Imbroil	36,945,655
Sorbusenco Enterprises Limited	22,635,560
Petrolsped (Malta) Ltd	14,997,045
Julian Tzvetkov	12,005,245

VBLM Limited is a management company, which has entered into a Management Services Agreement with the Group, pursuant to which VBLM Limited provides the Group with, *inter alia*, senior executive and strategic management and other support services. There are no restrictions on the transfer of shares of the Company, nor other limitations on the holding of securities or the need to obtain the approval of the Company or other holders of securities.

Rules Governing the Amendment of the Memorandum and Articles of Association Pursuant to Capital Markets Rule 5.64.8

An amendment to the Memorandum and Articles of Association would require an extraordinary resolution, which must be passed by shareholders holding:

- Not less than seventy-five per cent (75%) in nominal value of the shares represented and entitled to vote at the meeting; and
- At least fifty-one per cent (51%) in nominal value of all the shares entitled to vote at the meeting.

If one of the above majorities is obtained but not both, another meeting must be convened within 30 days to take a fresh vote. At that second meeting, the resolution may be passed by shareholders holding not less than 75% in nominal value of the shares represented and entitled to vote. However, if more than half in nominal value of all shares having the right to vote is represented at that meeting, a simple majority of such shares represented shall suffice.

Powers of the Board Members Pursuant to Capital Markets Rule 5.64.9

The powers of the Directors are outlined in Article 49 of the Articles of Association of the Group.

Disclosure of Material Contracts Pursuant to Capital Markets Rule 5.70.1

The Group is party to a number of material value contracts, including contracts entered into in connection with the acquisition, rental or disposal of real estate assets, the renovation or development of real estate assets, and the subsequent lease and operating agreements in connection with real estate assets, which are considered contracts in the ordinary course of business. All of those contracts have been entered into in the ordinary course of the Group's business and are considered to be at arm's length and under the general business and ethical standards applied by peer companies, globally.

As at the date of this Report, the Board of Directors considers that the only material contract entered into outside the ordinary course of business of the Group is the Management Services Agreement with VBLM Limited, a structure in place since the establishment of the VBL Group, and details of which have been disclosed by the Group in various communications and also published in Section 4.3 of the Registration Document (Prospectus), dated 04 October 2024 and further detailed in the Directors' Remuneration Report section of this document.

DIRECTORS' REPORT - continued

Company Secretary and Registered Office of the Company Pursuant to Capital Markets Rule 5.70.2

Dr. Joseph Borg Bartolo and Dr. Mikiel Calleja
54, Marsamxett Road, Valletta VLT 1853 Malta

Statement of Responsibility Pursuant to Capital Markets Rule 5.68

The Directors declare that to the best of their knowledge, the consolidated financial statements included in the Annual Financial Report are prepared in accordance with the requirements of International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"), as amended from time to time and these statements give in all material aspects a true and fair view of the assets, liabilities, financial position and results of the Group and that this report includes a fair review of the development and performance of the business and position of the Group, together with a description of the principal risks and uncertainties that it faces.

Indemnification of the Directors and Senior Management by the Annual General Meeting

In line with standard international practices and Article 148 of the Maltese Companies Act, and the relevant European and international corporate governance practices, since inception, the Directors propose to the Annual General Meeting of the Group, a resolution on the indemnification of the Directors and Senior Management, related to the year of reporting, to indemnify the members of the Board of Directors and Senior Management of the Group from liabilities and expenses to which any such person(s) may become a party as a result of such individual's acts carried out for and on behalf of the Group, or any of its associated companies, or affiliates, limitedly in so far as such acts are carried out in the individual's capacity as a Director or Senior Manager, as applicable.

The purpose of such resolution, in line with the applicable Maltese laws and corporate governance standards, is to obtain shareholder approval in order to allow for an indemnity to be provided by the Group to the directors and senior management. Such indemnification, as per law, is excluding the cases of fraud, criminal act, gross negligence and alike. This, if proposed and consecutively approved by the Annual General Meeting of the Group, would result in the said person/s being protected (within the limits of the applicable Maltese laws) for any liabilities and expenses that may arise as a result of their duties being exercised for and on behalf of the Group or associated companies, or affiliates.

Board of Directors

The Board of Directors of the Company currently consists of the following Directors:

Mr. Artur Haze, Non-Executive Director, Member of the Audit Committee
Mr. David Galea Souchet, Non-Executive Director, Chairman of the Audit Committee
Dr. Andrei Imbroll, Executive Director
Dr. Geza Szephalmi, Chairman and Executive Director
Mr. Julian Tzvetkov, Executive Director
Ms. Isabella Vella, Non-Executive Director, Member of the Audit Committee

Under the provisions of the Company's Memorandum and Articles of Association, the appointment of the Directors happens at the Company's General Meeting.

Auditors

A proposal will be submitted to the Annual General Meeting to re-appoint RSM Malta as Auditor to the Group for year 2026 and to set their remuneration for the period.

DIRECTORS' REPORT - continued**Statement of Directors' responsibilities for the financial statements**

The Maltese Companies Act (Cap. 386), requires the Directors to prepare consolidated financial statements for each financial year which give a true and fair view of the financial position of the Group as at the end of the financial year and of the profit or loss for that year.

In preparing the consolidated financial statements, the Directors are responsible for:

- adopting the going concern basis unless it is inappropriate to presume that the Group will continue in business as a going concern;
- selecting suitable accounting policies and applying them consistently;
- making judgements and accounting estimates that are reasonable and prudent;
- accounting for income and charges relating to the accounting period on accrual basis;
- valuing separately the components of asset and liability items;
- reporting comparative figures corresponding to those of the preceding accounting period; and
- preparing the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS Accounting Standards) as adopted by the European Union (EU).

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable the Directors to ensure that the consolidated financial statements comply with the Maltese Companies Act (Cap. 386). This responsibility includes designing, implementing and maintaining such internal control as the Directors determine is necessary to enable the preparation of consolidated 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Additionally, the Directors are responsible for:

- the preparation and publication of the Annual Financial Report, including the consolidated financial statements and the relevant tagging requirements therein, as required by Capital Markets Rule 5.56A, in accordance with the requirements of the European Single Electronic Format Regulatory Technical Standard as specified in the Commission Delegated Regulation (EU) 2019/815 (the "ESEF RTS")
- designing, implementing and maintaining internal controls relevant to the preparation of the Annual Financial Report that is free from material non-compliance with the requirements of the ESEF RTS, whether due to fraud or error, and consequently, for ensuring the accurate transfer of the information in the Annual Financial Report into a single electronic format.

Signed on behalf of the Board of Directors on 29 April 2026 by Mr. Julian Tzvetkov (Director) and Dr. Andrei Imbroli (Director) as per the Directors' Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual Financial Report and Consolidated Financial Statements.

REMUNERATION REPORT AND STATEMENT OF THE DIRECTORS

In line with the Capital Markets Rules (the “**Rules**”), as set out in Chapter 12 of the Rules, the Group is subject to draw up a **Remuneration Report** in line with the requirements as detailed in the Appendix 12.1 of Chapter 12, providing an overview of the remuneration to the directors of the Group.

The Group is also subject to the Code of Principles (the “**Code**”) forming part of the Capital Markets Rules, and in terms of the respective Rule (8.A.4) the Company is to include a **Remuneration Statement** in its Annual Financial Report with the details of the remuneration policy of the Group and the remuneration of the Directors.

In terms of the effective Remuneration Policy of the Group (“**Remuneration Policy**”), and the principles presented in the Listing Prospectus, and in alignment and compliance with the relevant and applicable guidelines, the Board has reviewed the principles and the relevant guidelines and has concluded that based on the significance of the Company in terms of its size and that of its operations, clients, the structure of its internal organisation, and the nature, scope and complexity of the activities of the Group, this Policy does not require a separate Remuneration Committee to be set-up and the responsibilities attributed to overseeing the Remuneration Policy of the Group shall be performed by the Board of Directors. This Remuneration Policy is reviewed regularly or as required and any material amendments thereto shall be submitted to the General Meeting of the Company for adoption. In the reporting period, there were no changes to the Remuneration Policy.

Remuneration related to the Directors, in accordance with the Remuneration Policy**Directors’ Fees**

The resolution by the Shareholders of the Company at the Annual General Meeting held on 31st July 2025, approving the aggregate total annual remuneration of the Board of Directors, set the directors’ fees for one year at a total of €72,000.

The directors’ fees are defined as a fixed annual amount and are reviewed and approved at the Annual General Meeting of the Company.

The total directors’ fees paid during the financial year 2025 to the Board of Directors was €79,000, reflecting the number of directors in office. According to the existing Remuneration Policy, the Directors are not entitled to variable fee or other remuneration or benefits related to their directors’ position within the Group or from any undertakings belonging to the same Group, meaning a parent undertaking and any subsidiary undertaking.

The Directors of the Group have not been granted any shares or shares options in the reporting period, as part of their remuneration.

After an assessment of the market conditions and the particularities of the Group, the Directors have concluded that the remuneration of the Board of Directors of the Group is considered to be in line with the size of its operations and general applicable industry standards, and the nature, scope and complexity of its activities and in compliance with the Remuneration Policy with no deviations from the procedure for the implementation of the Remuneration Policy.

The Remuneration Policy of the Company is unchanged since its introduction at the Company’s Annual General Meeting in 2022, and since there were no changes to remuneration structure of the directors. At the 2025 Annual General Meeting (“AGM”) of the Company, the aggregate gross total remuneration of the Board of Directors of the Company was set at €72,000 for one year. This reflects no change in the gross directors’ remuneration from the previous year, but is a reduction in total amount from the previous years, reflecting the actual number of directors in office.

REMUNERATION REPORT AND STATEMENT OF THE DIRECTORS - continued

Remuneration related to the Directors, in accordance with the Remuneration Policy - continued

Directors' Fees - continued

In accordance with Capital Markets Rules, Appendix 12.1 it is hereby disclosed that in the reporting period:

- No remuneration is received by the directors from any undertaking belonging to the same group (parent and subsidiary)
- No share options were granted or offered to directors and CEO or other executives of the Group;
- No variable remuneration is part of the directors' remuneration and there is no possibility to reclaim variable remuneration (if any);
- No deviations from the procedure for the implementation of the Remuneration Policy are relevant in the reporting period.

Executive Management and Services

Since its foundation, the Group has been managed by VBLM Ltd ("VBLM"), a dedicated management company. As declared before and presented by the Group, VBLM is a significant shareholder of the Company and is owned, managed, and controlled by the Executive Directors of the Group. Its core activity is the management of the Group.

The provision of management services by VBLM reflects the long-established structure in place since the Group's inception. This arrangement is formalised through a management services agreement ("Management Services Agreement"), entered into between VBLM and the principal company of the VBL Group. The nature of this relationship and the key terms of the Agreement are described in detail in the Listing Prospectus. Under the Agreement, VBLM provides executive, operational, and strategic management and support services to the Company and its subsidiaries.

The purpose of the Management Services Agreement is to ensure continuity of the Senior Executive Management team that has successfully led the Group's growth and development for over a decade. This team has been instrumental in establishing stable operations and achieving the Group's current financial performance and strategic market position. The Agreement aligns management's interests with those of the Shareholders and the Group, while securing their continued commitment to delivering the Group's strategic objectives and growth plans.

The existing Management Services Agreement has been extended and is currently effective until 31 December 2027. Additional details on the Management Services Agreement were presented in the Group's prior communication, including the Prospectus dated 4th October 2024 (section 4.3. of the Registration Document).

The remuneration payable by the Group to VBLM under the Management Services Agreement is comprised of a combination of fixed and variable parts, consisting of a Retainer Fee (fixed annual fee, adjusted annually in line with the official inflation index published by the NSO), a Variable Fee (ranging from 50% to 100% of the Retainer Fee, and linked to achievement of pre-defined specific tasks, which is only payable following evaluation and approval by the non-executive Directors); and a Performance Fee (related to the achievement of the mid- and long-term value growth realised by the Group, as described in detail in the Listing Prospectus). The terms of the Agreement, including the evaluation and approval of the Variable and Performance Fees, are monitored and overseen by the non-executive Directors. An evaluation and assessment of the Variable and Performance Fee is carried out by the Group's Audit Committee and Non-Executive Directors periodically and is the basis of establishing any variable fee payable under the Management Services Agreement. No Performance Fee has been achieved nor is payable for the past periods.

REMUNERATION REPORT AND STATEMENT OF THE DIRECTORS - continued

Executive Management and Services - continued

During 2025, the Retainer Fee due to VBLM for the executive, operational and strategic management and services provided to the Group was €453,753 (2024: €446,212), exclusive of VAT. At the end of the Management Services Contract term, a Variable Fee amounting to €272,252 equivalent to 60% of the fixed fee has been achieved by VBLM and inflation adjustment covering the year 2024. No Performance Fee has been achieved nor is payable for the period.

Other than the directors' fees and the management services fee, the Group does not provide any other pay, remuneration or alike to its Directors for their services. Any changes to the terms of the existing Management Services Agreement are subject to the vetting and approval of the Audit Committee and the non-Executive Directors of the Group.

The contents of this Remuneration Report have been checked by the Auditors of the Group.

Signed on behalf of the Board of Directors on 29 April 2026 by Mr. Julian Tzvetkov (Director) and Dr. Andrei Imbroll (Director) as per the Directors' Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual Financial Report and Consolidated Financial Statements.

STATEMENT BY THE DIRECTORS ON COMPLIANCE WITH THE CODE OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

The Group is subject to the Code of Principles of Good Corporate Governance¹ (the “Code”) forming part of the Capital Markets Rules. Listed companies are required under the Capital Markets Rules issued by the Malta Financial Services Authority to include a Statement of Compliance with the Code in their Annual Financial Report, accompanied by a report of the independent auditors.

The Board of Directors of the Group (“BOD”, “Board” or “Directors”) restate their support for the Code and consider that they have taken such measures as are necessary in order for the Group to comply with the requirements of the Code to the extent that these were considered appropriate and complementary to the size, nature and operations of the Group.

Basic Principles, in Compliance with Code Provisions:

1. The managing body of the Group is an effective Board in terms of Code Provision 1, which is responsible for accountability, monitoring, strategy formulation and policy development as specified in Code Provision 4;
2. The Chairman of the Board does not also occupy the role of Chief Executive Officer, as envisaged in Code Provision 2;
3. The Board is composed of six directors, including three (3) non-executives, of whom two (2) are independent in terms of Code Provision 3; thus retaining a healthy mix between executive and non-executives in the composition of the Board of Directors. In the reporting period, the Board is composed of six Directors, with three (3) non-executives, of whom two (2) are independent;
4. Members of the Board of Directors are all seasoned professionals, with significant local and international professional track record, including that of directors of other listed companies, and proven experience in applying the highest level of corporate governance standards and best management practices, obtained in running large public and private companies;
5. The Board of Directors meets regularly and all Directors are given ample opportunity to discuss the agenda and convey their opinions as specified in Code Provision 5;
6. The Group recognises the importance of professional development and seeks to ensure that there are adequate schemes in place for professional development of management and employees in accordance with Code Provision 6;
7. Of the members of the Board of Directors, the Audit Committee has been set up, consisting of three (3) members. This body has the task, inter alia, of managing conflicts of interest in terms of Code Provision 11. Conflicts of interest are also managed in terms of the Group's Articles of Association and the Terms of Reference of the Audit Committee;
8. The Group has not appointed a Remuneration Committee. The Board believes that the size of the Group and the Board itself does not warrant the setting up of an ad hoc committee to establish the remuneration packages of individual directors, as all directors are remunerated equally for their directorship, and relies on the constant scrutiny of the Board itself, the Group's shareholders, the nature and the size of the Group, as well as the market and the rules by which the Group is regulated as a listed company. The Board shall retain this matter under review over the coming years;
9. The Nomination Committee has been appointed by the Board of Directors with majority of non-executive directors, as members. The Nomination Committee is responsible to run a transparent nomination process for the election/re-election of any members, as required, and as detailed and specified in the Memorandum and Articles of Association.
10. The Group recognises the importance of its role in the corporate social, health and environmental responsibility arena and seeks to ensure that in its development projects and ongoing operations are respectful and it is committed to comply with the expected ESG principles and directions. The Directors are also aware of the importance of having good relations with stakeholders and strive to work together with them in order to invest in human capital, health and safety issues and to adopt sustainable and environmentally responsible practices, in line with Code Provision 12;

¹ <https://www.mfsa.mt/wp-content/uploads/2019/02/Code-of-Principles-of-Good-Corporate-Governance-for-Listed-Entities.pdf>

STATEMENT BY THE DIRECTORS ON COMPLIANCE WITH THE CODE OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE - continued**Basic principles, in Compliance with Code provisions: - continued**

11. Pursuant to the Group's statutory obligations, the annual financial report and consolidated financial statements, declaration of dividends, election of directors and appointment of auditors and authorisation of the directors to set the auditor's fees are proposed and approved at the Group's Annual General Meeting. The Board of Directors properly serves the legitimate interests of all shareholders and is accountable to all shareholders, particularly through the representation of the shareholders on the Board itself. This ensures compliance with Code Provision 9.

In the light of the factors mentioned above, the Board is of the view that the Group is in compliance with the Code.

Specific Corporate Governance Principles

The Group, its Directors, its Management and Employees believe that good corporate governance is a key element for sustainable business success and supporting the integrity and efficiency of the Company and its Subsidiaries, operations and long-term success. The Group is committed to establishing, maintaining and following strong corporate governance principles and best management practices in line with best local and international practices, as a basic requirement for delivering the Group's planned financial and business goals, achieving its expected business potential, and protecting the Group's investors, employees, partners, customers and reputation.

The Group's Directors are committed to ensure the openness and willingness to establish and follow the basic principles set by the best international practices in corporate governance, regularly disclose financial performance figures which are truthful and accurate, provide timely and accurate information about the Group's goals, activities and strategy to the investors and business partners. This is considered key in allowing the market to be able to assess and evaluate the various foreseeable or unpredicted risks and issues related to the implementation of the Group's business strategy. Among others, the Group has adopted and follows the basic principles of the Code, in order to establish strong business and governance ethics and apply those in its daily practice.

The five key specific principles adopted by Group's governing bodies are:

- i. Fairness - Fair and ethical behaviour in all dealings is fundamental to the success of Group's business. Today, the Group already has an established image and proven operational principles of which a fundamental part is to act and deal in a fair and correct manner. As a result, the Group enjoys the trust and support of its partners, peers, customers and suppliers. The Group is committed to continue acting in accordance with the highest ethical and professional standards.
- ii. Accountability - The Board's and management's commitment to accountability refers to the obligation and responsibility of the Group to always act responsibly and be able to give clear explanations or rationale for the Group's actions and conduct.
- iii. Responsibility - The Board of Directors and management are given authority, as defined in the Articles and relevant regulations, to act on behalf of the Group, therefore they accept full responsibility for the powers that they are given and the authority that they exercise.
- iv. Transparency - This is a key principle of responsible behaviour and good governance expected by a number of stakeholders, particularly the shareholders. The Board of Directors and Management ensure that the various bodies or structures of the Group operate and act in a transparent and accountable manner, provide timely and accurate reporting, and address in an open and transparent manner any issues or matters which are faced by the Group.
- v. Corporate Social and Environmental Responsibility - In addition to the above four basic corporate governance principles, the Board of Directors and Management seek to adopt and follow the increasingly important principles of the corporate social and environmental responsibility in the day-to-day management practices at the Group.

VBL Plc

Annual Financial Report and Consolidated Financial Statements - 31 December 2025

STATEMENT BY THE DIRECTORS ON COMPLIANCE WITH THE CODE OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE - continued

General Meetings

A General Meeting is conducted in conformity with the Articles of Association of the Group.

The Ordinary Business conducted at the Annual General Meeting consists of receiving or adoption of the Annual Financial Statements, the Declaration of a Dividend, the Appointment and Remuneration of Directors, the Appointment of the External Auditors, as well as the Authority to the Board to fix the external Auditors' emoluments.

All shareholders on the shareholders register on the record date as defined in the Capital Markets Rules, have the right to attend, participate and vote at the General Meeting.

A member or members holding not less than five per cent (5%) of the voting issued share capital of the Group may:

- a. request the Group to include items on the agenda of the General Meeting provided that each item is accompanied by a justification or a draft resolution to be adopted at the General Meeting; and
- b. table draft resolution for items included in the agenda of a General Meeting. Such requests are to be received by the Group at least forty-six (46) days before the date set for the relative General Meeting.

Every person entered into the register of members shall be entitled to appoint only one (1) person to act as proxy holder to attend and vote at a General Meeting instead of him. The proxy holder shall enjoy the same rights to speak and ask questions in the General Meeting as those to which the member thus represented would be entitled.

Administrative, Management and Supervisory Bodies and Senior Management

The Board

The Group is managed by the Board of Directors consisting of not less than 4 (four) and not more than 8 (eight) Directors. Since the last Annual General Meeting, there have been seven Directors, of which four are non-executive, all of whom are entrusted with the overall direction, administration and management of the Group.

Each Director declares that he/she undertakes to:

- i. maintain in all circumstances his/her independence of analysis, decision and action;
- ii. not to seek or accept any unreasonable advantages that could be considered as compromising his/her independence; and
- iii. clearly express his/her opposition in the event that he/she finds that a decision of the Board may harm the Group.

As of 31 December 2025, the Board of Directors of the Group consists of the following persons:

Name	Designation
Dr. Geza Szephalmi	Chairman and Executive Director
Dr. Andrei Imbroll	Chief Executive Officer and Executive Director
Julian Tzvetkov	Chief Financial Officer and Executive Director
Artur Haze	Non-executive Director, member of the Audit Committee
David Galea Souchet	Independent, Non-executive Director, Chairman of the Audit Committee
Isabella Vella	Independent, Non-executive Director and member of the Audit Committee

Note that Mr. John Attard served as independent, non-executive director and member of the Audit Committee until 31st July 2025.

As of 31 December 2025, the Company Secretaries appointed are Dr. Joseph Borg Bartolo and Dr. Mikiel Calleja.

STATEMENT BY THE DIRECTORS ON COMPLIANCE WITH THE CODE OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE - continued**Internal Control and Risk Management Systems**

The Board of Directors is ultimately responsible for the Group's system of internal management controls and for reviewing its effectiveness. The Directors recognise that such systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable, and not absolute, assurance against material misstatement or loss.

During the financial year under review, the Group maintained a system of internal management controls aimed at safeguarding assets, ensuring the reliability of financial reporting, and promoting compliance with applicable laws and regulations. These controls encompass financial, operational, and compliance processes, supported by established policies and procedures. The Board, through regular reporting and oversight, monitors the effectiveness of these controls and ensures that appropriate measures are in place to address identified risks.

Management is responsible for the day-to-day management of risks, while the Board retains overall oversight to ensure that risks are managed within acceptable parameters.

The Audit Committee, appointed by the Board, reviews the effectiveness of the internal control systems and provides independent assurance to the Board on matters relating to financial reporting and risk management. It also monitors the integrity of the consolidated financial statements and any related disclosures issued by the Group.

Board Meetings

During year 2025, there have been 6 board meetings held and several decision makings in writing. At the Annual General Meeting of the Group, the previous directors have been re-elected and there was no change in the compositions of the Board of Directors.

The number of Board meetings attended by Directors for the year under review is as follows:

Members	Attended
Andrei Imbroli	6
Artur Haze	6
David Galea Souchet	6
Geza Szephalmi	6
Isabella Vella	6
Julian Tzvetkov	5
John Attard	3

Information and professional development

The Group ensures that it provides its Directors with the necessary detailed and relevant information to enable them effectively contribute to board decisions. The Group is committed to provide any additional analysis, data, adequate and detailed information to its Directors, as that might be required to allow for efficient and relevant discussions prior to decision making. The Group pledges to make available to the Directors all information as required.

Appointment and Removal of Directors

The Directors of the Group are appointed at the General Meeting by the Shareholders in accordance with the provisions of the Articles of Association of the Group. The procedure for the appointment of Directors shall be as detailed and described in the Articles.

STATEMENT BY THE DIRECTORS ON COMPLIANCE WITH THE CODE OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE - continued**Appointment and Removal of Directors - continued**

The Group shall grant a period of at least 14 days to Shareholders holding in aggregate 10% or more of the Shares to nominate one candidate for appointment as Director for every 10% held as aforesaid. All such nominations, including the candidate's acceptance to be nominated as director, shall on pain of disqualification be made on the form to be prescribed by the Directors from time to time and shall reach the Company not later than 14 days after delivery of the said notice.

Whenever in terms of these Articles, an election is necessary amongst candidates nominated for appointment as Directors, such election shall be conducted in the manner prescribed by the Articles or in such manner as close as practicably possible thereto as the Directors may consider equitable in the circumstances.

Any Director may be removed at any time by the Group in General Meeting pursuant to the provisions of Article 140 of the Act. Without prejudice to the provisions of the Act, the office of a Director shall ipso facto be vacated:

- if, by notice in writing to the Group, he/she resigns from the office of Director; or
- if he/she violates in a proven way the declaration of secrecy required of him/her under the Articles and the Board of Directors pass a resolution that he/she has so violated the declaration of secrecy; or
- if he/she is prohibited by or under any law from being a Director; or
- if he/she is removed from office pursuant to the Articles or the Act.

A retiring Director shall be eligible for re-election or re-appointment.

Powers of Directors

The Directors are empowered to act on behalf of the Group in accordance with the Memorandum and Articles of Association, which powers may be widened or restricted from time to time by the Shareholders in General Meeting.

The general administration and management of the Group is entrusted with the Board of Directors, who are empowered and authorised to delegate any of its functions relating to the Group to members of the Group's management. The executive directors of the Company are entrusted with the executive management functions, including the management of the day-to-day operations, as defined in the Articles and described below.

Any one or more members of the Board of Directors may also occupy the position of Chief Executive Officer of the Group and may also occupy the position of members of the board of directors of subsidiaries or affiliate companies of the Group from time to time.

Evaluation of the Board's Performance

According to the statutes of the Group and the relevant regulations, the Board regularly undertakes an annual evaluation of its performance and of its committees. The performance evaluation of each Board member shall be done by the Board of Directors, excluding the Board member being evaluated. The Chairman takes action on the result of the performance evaluation process in order to ascertain the strengths and to address the weaknesses, and reports to the Board and where appropriate to the Annual General Meeting of the Group.

Remuneration of Directors

The remuneration of the Directors in any one financial year, and any changes thereto, is determined by the General Meeting of the Group.

For the current reporting year under review, the Directors are each entitled to a gross annual remuneration of €12,000, following the decision of the Annual General Meeting, held on 31 July 2025.

STATEMENT BY THE DIRECTORS ON COMPLIANCE WITH THE CODE OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE - continued**Executive Directors**

The Group currently has three Executive Directors, which are organised and operate under the regulations of the Group's Memorandum and Articles of Association and are members of the Executive Committee ("EC") of the Group, represented by the Chairman. Any two of the three Executive Directors acting jointly together have representation and execution rights on behalf of the Group to the extent permitted and as defined by the Memorandum of Association of the Group. In this respect, and in line with the good governance standards and internal control procedures implemented by the Group, the Memorandum of Association ties the legal representation and the signatory rights of the Group to predefined monetary threshold, with enhanced safeguards applicable to transactions of higher monetary value. The Group applies a dual signatory policy as determined in the Articles of the Group and other relevant Group regulations.

Any one Executive Director of the Group shall represent the Group in judicial proceedings, as defined in the Articles, provided that no proceedings may be instituted by the Group without the approval of the Board of Directors of the Group. The Executive Directors are also members of the Executive Committee of the Group.

Chief Executive Officer

In terms of Article 65 of the Articles of Association, the Directors may from time to time appoint any person to the office of Chief Executive Officer (CEO) of the Group for such period and on such terms as they deem fit.

The Directors may entrust to and confer upon a CEO any of the powers exercisable by them upon such terms and conditions and with such restrictions as they may deem fit and may from time to time revoke, withdraw, alter or vary all or any of such powers.

Currently, the Executive Directors, among which the CEO was nominated, are nominated and provided under the Management Services Agreement with VBLM, which is a continuous arrangement dating back to the establishment of the Group and the details of which have been explained in the various Group's communications, including the Prospectus dated 4th October 2024.

The CEO is responsible for the Group's operative management and direction in accordance with the Articles, and the directions of the Executive Committee, the resolutions of the Board of Directors and the resolutions adopted by the General Meeting. The CEO has the responsibility to decide on the Group's organisational structure and relevant internal rules and regulations according to the Articles of the Group.

Declaration

None of the Directors, members of the board committees or members of management have, in the last five years:

- been the subject of any convictions in relation to fraudulent offences;
- been associated in any form with bankruptcies, receiverships or liquidations (other than voluntary) or companies put into administration in respect of entities in respect of which they were members of administrative, management or supervisory bodies, partners with unlimited liability (in the case of a limited partnership with a share capital), founders or members of senior management;
- been the subject of any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies);
- been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company.

Board Practices

The Directors have constituted the following committees, the terms of reference of which are determined by the Board from time to time with the purpose of fulfilling the below mentioned purposes:

STATEMENT BY THE DIRECTORS ON COMPLIANCE WITH THE CODE OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE - continued**Audit Committee**

The primary objective of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities over the financial reporting processes, the audit process, financial policies and internal control structure, also overview the Group's system of internal controls and compliance with laws and regulations, as well as to ensure compliance with the relevant regulations of the Capital Markets Rules. The Audit Committee of the Group is elected among the Board members, as defined in the Articles and relevant regulations. The Audit Committee oversees the conduct of the annual audit process, and acts to facilitate communication between the Board, the Management and the Group's appointed auditors.

As at the date of this Report, the Audit Committee is composed of four members – Mr. David Galea Souchet (Chairman), Ms. Isabella Vella, and Mr. Artur Haze. Mr. David Galea Souchet, Mr. Artur Haze and Dr. John Attard are the Audit Committee members who are considered by the Board of Directors to be competent in accounting and/or auditing in terms of the Capital Markets Rules. The Audit Committee is responsible for reviewing the financial reporting processes and policies, the system of internal control, management of financial risk, audit process, any transactions with related parties and the Group's process for monitoring compliance with laws and regulations.

When the Audit Committee's monitoring and review activities reveal cause for concern or scope for improvement, it shall make recommendations to the Board on the action needed to address the issue or make improvements.

The Audit Committee has the task to ensure that any potential conflicts of interest are resolved in the best interests of the Group. Its primary objective is to assist the Board in dealing with issues of risk, control and governance and in reviewing the Group's reporting processes, financial policies and internal control structure.

The Audit Committee's main role and responsibilities are:

- a. to review procedures and assess the effectiveness of the internal control systems, including financial reporting;
- b. to assist the Board in monitoring the integrity of the financial statements, the internal control structures, the financial reporting processes and financial policies of the Group;
- c. to make recommendations to the Board in relation to the appointment of the external auditor and to approve the remuneration and terms of engagement of the external auditor following appointment by the shareholders in general meeting;
- d. to monitor and review the external audit functions, including the external auditor's independence, objectivity and effectiveness;
- e. to monitor and review the internal procedures and to monitor these on a regular basis;
- f. to establish and maintain access between the internal and external auditor's of the Group and to ensure that this is open and constructive;
- g. to review and challenge where necessary, the actions and judgements of management, in relation to the interim (if applicable) and annual financial statements before submission to the Board, focusing particularly on:
 - i. critical accounting policies and practices and any changes in them;
 - ii. decisions requiring a major element of judgement;
 - iii. the extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed;
 - iv. the clarity of disclosures and compliance with International Financial Reporting Standards;
 - v. significant adjustments resulting from the audit;
 - vi. compliance with stock exchange (as applicable) and other legal requirements; and
 - vii. reviewing the Group's statement on Corporate Governance prior to endorsement by the Board;
- h. to gain an understanding of whether significant internal control recommendations made by internal and external auditors have been implemented by management;
- i. to establish and exercise oversight upon the internal audit function of the Group, and to review its plans, activities, staffing and organisational structure;
- j. to monitor the statutory audit of the annual and consolidated accounts;
- k. to discuss Group policies with respect to risk assessment and risk management, review contingent liabilities and risks that may be material to the Group; and

STATEMENT BY THE DIRECTORS ON COMPLIANCE WITH THE CODE OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE - continued**Audit Committee - continued**

- i. to consider other matters that are within the general scope of the Committee that are referred to it by the Board of Directors.

During 2025, the Audit Committee met 5 times in person or via video conference, out of which during 2 meetings the Group's appointed auditors were present and attended the meetings.

The number of Audit Committee meetings attended by Members for the year under review is as follows:

Members	Attended
Artur Haze	5
David Galea Souchet	5
Isabella Vella	5
John Attard	3

Nomination Committee

The Board of Directors has formed a nomination committee, which was functional in the reporting period. The forming and operation of the Nomination Committee was in compliance with the principle of the Code. The proposals of the nomination committee were put forward for decisions of the Board of Directors and presented to the shareholders, accordingly.

Executive Management Committee (EMC)

The Executive Management Committee ("EMC") is the main operational body of the Group, ensuring smooth and efficient day-to-day operations and management control, in line with the strategic operational decisions of the Board. The EMC consists of the Executive Directors, senior management including the Group's CEO, CFO and COO, and any other managers of the Group as might be appointed to the EMC, from time to time.

The EMC is represented at the Board of Directors by the Chief Executive Officer. Within the EMC, there is a clear division of tasks and responsibilities between the EMC members, covering all areas of the operational responsibility for the day-to-day operations and the running of the Group's business. The EMC ensures that no one individual or small group of individuals has an unlimited power of decision in day-to-day operations.

Relations with Shareholders and with the Market

The Group remains firmly committed to fostering a transparent, open and constructive relationship with its shareholders, investors and the wider market. The Board recognises that clear, timely and accessible communication is fundamental to maintaining investor confidence and ensuring that shareholders are adequately informed about the Group's strategy, performance and governance.

In addition to complying with all statutory and regulatory requirements governing shareholder communications, including the convening of the Annual General Meeting ("AGM"), the publication of the Annual Financial Report and the periodic Financial Statements, and the issuance of adequate official company announcements, the Group actively seeks to enhance the quality and accessibility of information provided to shareholders and other stakeholders.

The AGM remains an important forum through which shareholders are able to engage directly with the Board and senior management. It provides shareholders with the opportunity to receive direct updates on the Group's performance and strategic direction, as well as to raise questions and express their views. The Group encourages shareholder participation at the AGM and values the constructive dialogue that this interaction facilitates.

STATEMENT BY THE DIRECTORS ON COMPLIANCE WITH THE CODE OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE - continued**Relations with Shareholders and with the Market - continued**

Beyond the AGM, the Group endeavours to maintain ongoing communication with its shareholders through a variety of channels. The Group's website serves as a central information platform where shareholders and market participants can access key corporate information, financial reports, relevant news, regulatory announcements and other relevant updates. The website is updated as required to ensure that investors have timely access to accurate and comprehensive information regarding the Group's activities and performance.

As part of its commitment to strengthening engagement with its investor base, the Group has also introduced a **Shareholders' Loyalty Programme ("SLP")**. This initiative is designed to recognise and reward the continued support of shareholders while fostering a closer relationship between the Group and its investor community. The programme is regularly reviewed and updated, with communications issued to shareholders to ensure they remain informed of available benefits and developments. During the period under review, the Group continued its initiative to widen and expand the Shareholders' Loyalty Programme, with the objective of enhancing its structure and broadening the range of benefits available to participating shareholders.

In line with its status as a publicly listed company and in compliance with the applicable regulatory framework, the Group ensures that all financial reports, company announcements and other disclosures required under the Capital Markets Rules are issued in a timely and transparent manner. These announcements are published through the Malta Stock Exchange and are simultaneously made available on the Investors' section of the Group's website, ensuring equal and immediate access to information for all market participants.

Conflict of Interest

The Board of Directors remains fully aware of its responsibilities in relation to the proper management and disclosure of conflicts of interest, particularly in relation to dealings in the securities of the Group. The Directors and other persons discharging managerial responsibilities are required to comply with the applicable provisions of the Capital Markets Rules governing transactions in the Group's securities and the related disclosure obligations.

The Group has established appropriate procedures to ensure that any dealings in the Group's securities by Directors or other relevant persons are carried out in accordance with the applicable regulatory framework and are duly disclosed when required.

Furthermore, transactions with related parties are conducted in accordance with the relevant regulatory requirements and governance standards. Such transactions are appropriately reviewed and disclosed in line with the applicable rules, and detailed information regarding related party transactions is provided in the relevant section of the Annual Consolidated Financial Statements included in this Annual Financial Report. In addition to prior information disclosed, specific section detailing the Management Services Agreement arrangements is dedicated in Group' Annual Financial Report, to ensure transparency of the relationship of the parties and their duties and responsibilities, presenting that though this agreement executive management's interests are fully aligned with those of the Shareholders and the Group.

Through these measures, the Board seeks to ensure that the Group maintains high standards of transparency, accountability and integrity in its dealings with shareholders and the market

Signed on behalf of the Board of Directors on 29 April 2026 by Mr. Julian Tzvetkov (Director) and Dr. Andrei Imbroll (Director) as per the Directors' Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual Financial Report and Consolidated Financial Statements.

VBL Plc
Annual Financial Report and Consolidated Financial Statements - 31 December 2025

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December

	Notes	2025 €	2024 €
Revenue	3	4,693,410	4,065,367
Investment income	4	1,423,803	2,558,543
Cost of sales	5	(1,725,784)	(1,702,351)
Gross profit		4,391,429	4,921,559
Other operating income	6	20,800	21,673
Administrative expenses	5	(1,257,668)	(1,221,486)
Earnings before interest, tax, depreciation and amortisation		3,154,561	3,721,746
Depreciation and amortisation	5	(643,140)	(466,397)
Operating income		2,511,421	3,255,349
Interest income	7	116,647	17,677
Gain on disposal of financial assets		49,348	-
Finance costs	8	(815,367)	(327,210)
Profit before income tax		1,862,049	2,945,816
Income tax expense	9	(288,144)	(463,798)
Profit for the year		1,573,905	2,482,018
Other comprehensive loss: <i>Items that may be reclassified subsequently to profit or loss</i>			
Revaluation of financial assets at FVOCI, net of tax		48,797	(8,818)
Total comprehensive income for the year		1,622,702	2,473,200
Earnings per share	25	0.0063	0.0100

The notes on pages 33 to 59 are an integral part of these consolidated financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December

	Notes	2025 €	2024 €
ASSETS			
Non-current assets			
Intangible assets	10	10,000	53,201
Property, plant and equipment	11	684,062	735,562
Investment properties	12	87,303,927	83,351,369
Investment in a subsidiary	13	1,200	1,200
Financial assets at fair value through other comprehensive income	14	-	3,898,107
Deferred tax assets	16	314,231	373,926
		88,313,420	88,413,365
Current assets			
Financial assets at fair value through other comprehensive income	14	6,044,344	5,207,067
Inventory		1,277	2,162
Current tax receivable		6,452	3,402
Loans receivable	15	132,478	126,228
Trade and other receivables	17	883,485	540,117
Cash and cash equivalents	18	1,078,437	1,085,931
		8,146,473	6,964,907
TOTAL ASSETS		96,459,893	95,378,272
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	19	49,835,837	49,835,837
Share premium	19	1,085,638	1,085,638
Other reserves	19	324,372	298,327
General reserves	19	1,218	1,218
Retained earnings	19	17,896,814	16,496,908
TOTAL EQUITY		69,143,879	67,717,928
Non-current liabilities			
Borrowings	20	18,586,299	18,545,962
Lease liabilities	21	1,134,044	1,361,732
Deferred tax liability	22	5,128,456	5,049,095
Trade and other payables	23	137,030	122,729
		24,985,829	25,079,518
Current liabilities			
Income tax payable		124,023	25,669
Borrowings	20	871,850	590,709
Lease liabilities	21	291,413	233,653
Trade and other payables	23	1,042,899	1,730,795
		2,330,185	2,580,826
TOTAL LIABILITIES		27,316,014	27,660,344
TOTAL EQUITY AND LIABILITIES		96,459,893	95,378,272

The notes on pages 33 to 59 are an integral part of these consolidated financial statements.

Signed on behalf of the Board of Directors on 29 April 2026 by Mr. Julian Tzvetkov (Director) and Dr. Andrei Imbroll (Director) as per the Directors' Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual Financial Report and Consolidated Financial Statements.

VBL Plc
Annual Financial Report and Consolidated Financial Statements - 31 December 2025

STATEMENT OF CHANGES IN EQUITY

	Share capital €	Share premium €	Other reserves €	General reserves €	Retained earnings €	Total €
Balance at 1 January 2024	49,835,837	1,085,638	329,895	1,218	14,179,889	65,432,477
Total comprehensive income						
- Profit for the year	-	-	-	-	2,482,018	2,482,018
Other comprehensive income						
<i>Items that will be reclassified subsequently to profit or loss</i>						
- Revaluation of financial assets at FVOCI	-	-	(8,818)	-	-	(8,818)
Transactions with owners in their capacity as owners						
- Dividends declared during the period (Note 19)	-	-	-	-	(200,000)	(200,000)
Transfer from revaluation reserve to retained earnings, net of deferred tax	-	-	(22,750)	-	35,001	12,251
Balance at 31 December 2024	49,835,837	1,085,638	298,327	1,218	16,496,908	67,717,928
Balance at 1 January 2025	49,835,837	1,085,638	298,327	1,218	16,496,908	67,717,928
Comprehensive income						
- Profit for the year	-	-	-	-	1,573,905	1,573,905
Other comprehensive income						
<i>Items that will be reclassified subsequently to profit or loss</i>						
- Revaluation of financial assets at FVOCI	-	-	48,797	-	-	48,797
Transactions with owners in their capacity as owners						
- Dividends declared during the period (Note 19)	-	-	-	-	(209,000)	(209,000)
Transfer from revaluation reserve to retained earnings, net of deferred tax	-	-	(22,752)	-	35,001	12,249
Balance at 31 December 2025	49,835,837	1,085,638	324,372	1,218	17,896,814	69,143,879

The notes on pages 33 to 59 are an integral part of these consolidated financial statements.

STATEMENT OF CASH FLOWS
for the year ended 31 December

	Notes	2025 €	2024 €
Cash flows from operating activities			
Profit before tax		1,862,049	2,945,816
Depreciation and amortisation	5	643,140	466,397
Amortisation of bond issuance costs		35,457	6,008
Investment income	4	(1,423,803)	(2,558,543)
Interest income	7	(116,647)	(17,677)
Interest expense	8	815,367	327,210
Cash flows generated before working capital changes		1,815,563	1,169,211
Decrease/(increase) in inventories		885	(611)
Increase in trade and other receivables		(236,021)	(270,339)
(Decrease)/increase in trade and other payables		(1,289,055)	686,540
Taxes paid		(42,551)	(650)
Net cash flows generated from operating activities		248,821	1,584,151
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(21,571)	(9,002)
Acquisition of investment properties		(2,669,493)	(2,332,376)
Purchase of financial assets at FVOCI	14	(2,096,027)	(9,113,992)
Redemptions of financial assets at FVOCI	14	5,205,654	-
Net cash flows generated from/(used in) investing activities		418,563	(11,455,370)
Cash flows from financing activities			
Proceeds from bond issuance		-	9,640,997
Interest paid on borrowings		(449,657)	(412,855)
Dividends paid	19	(189,885)	(199,845)
Movement in borrowings	20	286,023	1,165,986
Principal lease payments	21	(238,830)	(94,823)
Interest paid on leases	21	(82,529)	(74,176)
Net cash flows (used in)/generated from financing activities		(674,878)	10,025,284
Net (decrease)/increase in cash and cash equivalents		(7,494)	154,065
Cash and cash equivalents at the beginning of the year		1,085,931	931,866
Cash and cash equivalents at end of year	18	1,078,437	1,085,931

The notes on pages 33 to 59 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies that are material to the consolidated financial statements are set out below. The accounting policies have been applied consistently to all periods presented in these consolidated financial statements.

Basis of preparation

These consolidated financial statements are prepared under the historical cost convention, except for revaluation of investment properties and financial assets at FVOCI that are measured at fair value at end of each reporting period. These consolidated financial statements are prepared in accordance with the provisions of the Maltese Companies Act (Cap. 386) and with the requirements of International Financial Reporting Standards ("IFRS Accounting Standards") as adopted by the European Union ('EU').

The preparation of consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 2 to these consolidated financial statements.

Functional and presentation currency

The consolidated financial statements are presented in Euro (€) which is the Group's functional and presentation currency.

New or amended standards, interpretations and amendments adopted

The Group adopted all new or amended accounting standards and interpretations issued by the International Accounting Standards Board ('IASB') and the IFRS Interpretations Committee and endorsed by the EU that are mandatory for the current reporting period. The adoption of these amendments to the requirements of IFRS Accounting Standards as adopted by the EU did not result in substantial changes to the Group's accounting policies impacting the Group's financial performance and position.

New or amended standards, interpretations and amendments issued but not yet effective

At the end of the reporting period, certain new standards, interpretations or amendments thereto, were in issue and endorsed by the EU, but not yet effective for the current financial period. There have been no instances of early adoption of standards, interpretations or amendments ahead of their effective date. The directors anticipate that the adoption of the new standards, interpretations or amendments thereto, will not have a material impact on the consolidated financial statements upon initial application, except for the effects of IFRS 18 on the presentation and disclosure of certain items.

IFRS 18 Presentation and Disclosure in Financial Statements will become effective for annual reporting periods beginning on or after 1 January 2027. Even though IFRS 18 will not have any effect on the recognition and measurement of items in the consolidated financial statements, it is expected to have an effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures. The Directors are assessing the effect of IFRS 18.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

1. MATERIAL ACCOUNTING POLICY INFORMATION - continued

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its active subsidiaries that it controls. Subsidiaries are companies in which the Company, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has the power to exercise control over the operations, is exposed, or has rights, to variable returns from its involvement with the investee, and has the ability to use its power to affect its returns.

These consolidated financial statements comprise the Company and its wholly-owned active subsidiary, VREM Limited. Silver Horse Block Limited is an inactive project company, not consolidated and has no material impact on the consolidated financial statements.

The financial statements of the subsidiaries are prepared for the same reporting year as the Company, using uniform accounting policies for like transactions and other events in similar circumstances. When necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies in line with the Group's accounting policies. All material intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the value of goods sold and services provided, net of sales rebates and taxes in the normal course of business, net of value added tax and discounts where applicable. Revenue from contracts with customers – paid as service fee income, revenues from construction or other similar services – is assessed by the nature of the specific contribution and evaluated based on the underlying business and accounting factors and recognised under the principles of IFRS 15.

Revenue is recognised to the extent that it is probable that future economic benefits will flow to the Group and these can be measured reliably. The following specific recognition criteria must also be met before revenue is recognised:

Sale of investment property

Sale of investment property is recognised when the significant risks and rewards of ownership of the property being sold are effectively transferred to the buyer. This is generally considered to occur at the later of the contract of sale and the date when all the Group's obligations relating to the property are completed and the possession of the property can be transferred in the manner stipulated by the contract of sale.

Rental income

Rental income from investment properties is recognised in profit or loss on a straight-line basis over the term of the lease.

Service fee income

Revenue from a contract to provide services is recognised over time as the services are rendered based on the amount that depicts the progress towards complete satisfaction of the performance obligation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

1. MATERIAL ACCOUNTING POLICY INFORMATION - continued

Tax

Income tax on profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets and liabilities that affect neither accounting nor taxable profits, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the end of the reporting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses to date. Cost includes expenditure directly attributable to the acquisition of the items as well as transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Depreciation is provided on all items of property, plant and equipment, except freehold land and assets under construction, at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Building improvements	2% Straight Line
Office equipment	20% Straight Line
Furniture and fixtures	20% Straight Line
Other assets	20% Straight Line

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. The residual values and useful lives of the assets are reviewed and adjusted as appropriate, at each end of the reporting period. The carrying amount of an asset is written down immediately to its recoverable amount.

Subsequent costs are included in the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

1. MATERIAL ACCOUNTING POLICY INFORMATION - continued

Investment properties

Investment properties are properties held to earn rentals or for capital appreciation or both. Investment properties are recognised as an asset when it is probable that the future economic benefits that are associated with the investment properties will flow to the entity and the cost can be measured reliably.

Investment properties are measured initially at cost, including related transaction costs. After initial recognition, investment properties are carried at fair value at the date of the valuation, less any subsequent accumulated depreciation (Note 12). Gains and losses arising from changes in fair values are recorded in profit or loss.

The fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. The estimation of fair values does not assume that either the underlying assets are marketed for sale at the reporting date or that there is an intention to sell it in the near future.

The objective is to estimate the exchange price at which hypothetical market participants would agree to transact.

The fair value of investment properties is largely based on estimates using property appraisal techniques as outlined in Note 12 to these consolidated financial statements. Such estimates are inherently subjective and actual values can only be determined in a sales transaction.

Investment properties are derecognised on disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal proceeds, if any, and the carrying amount and are recognised in profit or loss in the period of derecognition.

Depreciation commences when the depreciable assets are available for use and is charged to profit or loss so as to write off the fair valued amount, less any estimated residual value, over their estimated useful lives, on the following basis:

Improvements	2% Straight Line
Furniture, fixtures and fittings	20% Straight Line

If an investment property becomes owner occupied, it is reclassified as property, plant and equipment and its cost or fair value at the reclassification date becomes its cost for accounting purposes. Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until development is complete. Thereafter it is classified and accounted for as an investment property.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property, plant and equipment under International Accounting Standards ('IAS') 16. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

1. MATERIAL ACCOUNTING POLICY INFORMATION - continued

Intangible assets

Trademark and licences

Trademarks and licences are valued at cost. Trademarks and licences have a definite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful life of 10 years.

Non-compete rights

The non-compete rights are valued at cost and are amortised over a period of 5 years.

Brand

The value of brand name is recognised following acquisition. Brand name acquired over the past period (together with other assets, in complex transaction), has been valued to assess the actual incremental value it provides to the Group's operations and its value has been based on estimated income. The brand name is being amortised over 5 years.

Investment in subsidiaries

Subsidiaries are all those entities over which the Group has control, i.e., when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Investment in subsidiaries is initially recognised at cost, being the fair value of the consideration given, including acquisition costs and are subsequently carried at cost less accumulated impairment losses, if any.

Dividend income is recognised when the Group's right to receive payment is established.

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised at their fair value plus directly attributable transaction costs for all financial assets or financial liabilities not classified at fair value through profit or loss.

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when the Group 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.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or when the entity transfers the financial asset and the transfer qualifies for derecognition.

Financial liabilities are derecognised when they are extinguished. This occurs when the obligation specified in the contract is discharged, cancelled or expires.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

1. MATERIAL ACCOUNTING POLICY INFORMATION - continued

Financial instruments - continued

Debt instruments are recognised as Fair Value through Other Comprehensive Income (“FVOCI”) depending on the Group’s business model and aligns with the guidance of IFRS 9, specifically paragraph 4.1.2A. The financial assets are classified as FVOCI if the Group’s business model is to hold the financial assets both to collect contractual cash flows and the financial assets pass the SPPI test (cash flows of the bond represent only principal repayment and interest on the principal amount outstanding).

Changes in the fair value are recorded in Other Comprehensive Income. Upon derecognition, the cumulative fair value change in other comprehensive income is recognised in profit or loss.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) on financial assets that are measured at amortised cost. Equity instruments are not subject to impairment assessment.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (lifetime ECL).

For trade receivables, the Group applies a simplified approach to measuring ECLs which recognises lifetime ECLs. The ECLs on these financial assets are estimated using a provision matrix based on the Group’s historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Segment reporting

The Board of Directors determines the operating segments in accordance with the requirements of IFRS 8 ‘Operating Segments’.

An operating segment is a component that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group’s other components, and for which discrete financial information is available. An operating segment’s operating results are reviewed regularly by the Board of Directors. The Board of Directors considers the Company to be made up of one operating segment.

Leases

IFRS 16 requires an entity to assess whether a contract is, or contains, a lease at the inception date. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. Leases are recognised as a right-of-use asset and a corresponding liability at the commencement date, being the date at which the leased asset is available for use by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

1. MATERIAL ACCOUNTING POLICY INFORMATION - continued

Leases - continued

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Subsequent to initial recognition, right-of-use asset is measured under the revaluation model. The revalued amount is based on periodic valuations by external independent valuers, less subsequent depreciation and impairment, if any. The valuations are undertaken if there is a material change in the revalued amount relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter, the decrements are taken to profit or loss.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease liability

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the application of the Group's accounting policies, which are described in Note 1 to these consolidated financial statements, the management is required to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical and other factors, including expectations of future events that are believed to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions 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 both current and future periods.

In the opinion of the Directors, with the exception of the fair valuation of investment properties (Note 12), the accounting estimates and judgements made in the course of preparing these consolidated financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

3. REVENUE

	2025	2024
	€	€
Rental income	3,726,675	3,485,950
Service fee income	469,756	297,297
Management fees	70,978	72,677
Other revenue	426,001	209,443
	<u>4,693,410</u>	<u>4,065,367</u>

4. INVESTMENT INCOME

	2025	2024
	€	€
Increase in fair value of investment properties	<u>1,423,803</u>	2,558,543

The €1,423,803 (2024: €2,558,543) relates to an increase in fair value of investment properties resulting from concluded acquisitions, ongoing development activity and applicable adjustments, which are considering property specific conditions, namely development project status or operational conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

5. EXPENSES BY NATURE

	2025 €	2024 €
Direct costs	1,725,784	1,702,351
Employee benefit expense (i)	655,120	555,918
Directors' fees	79,000	76,049
Auditor's remuneration:		
Audit fee	22,500	18,500
Other non-assurance services	1,850	950
Depreciation and amortisation	643,140	466,397
Management fees from related party	181,502	252,587
Other administrative expenses	317,696	317,482
	3,626,592	3,390,234

(i) Employee benefit expense includes the following:

	2025 €	2024 €
Salaries and wages	737,160	631,480
Social security and maternity fund contributions	39,245	37,597
Capitalised salaries	(121,285)	(113,159)
	655,120	555,918

Average number of employees	25	24
-----------------------------	----	----

During the year 2025, staff salaries of €121,285 have been capitalised to investment properties (2024: €113,159).

6. OTHER OPERATING INCOME

	2025 €	2024 €
Miscellaneous income	20,800	21,673

7. INTEREST INCOME

	2025 €	2024 €
Interest on financial assets at FVOCI	80,281	-
Loan interest	29,232	13,901
Bank interest	7,134	3,776
	116,647	17,677

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

8. FINANCE COSTS

	2025 €	2024 €
Interest on bank and other loans	177,381	163,248
Interest on bonds	555,457	89,786
Interest on lease liabilities	82,529	74,176
	<u>815,367</u>	<u>327,210</u>

9. INCOME TAX EXPENSE

Tax is provided for at the rate of 35% for Group profits, except for certain bank interest receivable which is taxed at 15% and sale of property which is taxed at 5%.

	2025 €	2024 €
Current year tax		
Income tax on the taxable income for the year	135,767	7,472
Final withholding tax	1,070	650
Deferred tax		
Movement in deferred tax asset (Note 16)	59,695	(231,812)
Movement in deferred tax liability (Note 22)	79,361	675,237
Movement in revaluation reserve	12,251	12,251
	<u>288,144</u>	<u>463,798</u>

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

	2025 €	2024 €
Profit on ordinary activities before tax	<u>1,862,049</u>	2,945,816
Theoretical tax expense at 35%	651,717	1,031,036
Tax effect of:		
Effect of different tax rate used for interest income	(1,427)	(5,537)
Effect of different tax rate used in fair value gain on investment	(355,303)	(409,744)
Other movement	(6,843)	(151,957)
	<u>288,144</u>	<u>463,798</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

10. INTANGIBLE ASSETS

	Licences €	Non-compete rights €	Brand €	Total €
Cost				
At 1 January 2025	349	150,000	66,000	216,349
Additions	-	-	-	-
At 31 December 2025	349	150,000	66,000	216,349
Provision for diminution value				
At 1 January 2025	348	120,000	42,800	163,148
Amortisation for the year	1	30,000	13,200	43,201
At 31 December 2025	349	150,000	56,000	206,349
Net book value				
At 31 December 2024	1	30,000	23,200	53,201
At 31 December 2025	-	-	10,000	10,000

11. PROPERTY, PLANT AND EQUIPMENT

	Right-of- use assets €	Building improve- ments €	Office equipment €	Furniture and fixtures €	Other assets €	Total €
Cost						
At 1 January 2025	1,035,369	100,806	43,962	43,104	259,137	1,482,378
Additions	-	-	17,349	4,222	-	21,571
At 31 December 2025	1,035,369	100,806	61,311	47,326	259,137	1,503,949
Depreciation						
At 1 January 2025	414,147	24,871	43,314	28,081	236,403	746,816
Charge for the year	51,816	2,016	3,867	1,726	13,646	73,071
At 31 December 2025	465,963	26,887	47,181	29,807	250,049	819,887
Net book value						
At 31 December 2024	621,222	75,935	648	15,023	22,734	735,562
At 31 December 2025	569,406	73,919	14,130	17,519	9,088	684,062

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

12. INVESTMENT PROPERTIES

	Right-of-use assets €	Investment properties €	Total €
Fair value			
At 1 January 2025	2,825,579	82,140,689	84,966,268
Additions	433,727	2,621,896	3,055,623
Fair value movement	93,013	1,330,790	1,423,803
At 31 December 2025	3,352,319	86,093,375	89,445,694
Provision			
At 1 January 2025	263,709	1,351,190	1,614,899
Depreciation	272,682	254,186	526,868
At 31 December 2025	536,391	1,605,376	2,141,767
Net book value			
At 31 December 2024	2,561,870	80,789,499	83,351,369
At 31 December 2025	2,815,928	80,789,499	87,303,927

Depreciation relates to the depreciation of improvements and furniture currently included in Investment Properties. The depreciable amount is allocated on a systematic basis to each accounting period over its useful life.

Lessor commitments

	2025 €	2024 €
Minimum lease commitments receivable but not recognised in the financial statements:		
1 year or less	512,644	490,997
Between 1 and 2 years	466,284	502,311
Between 2 and 3 years	406,258	432,792
Between 3 and 4 years	334,574	421,655
Between 4 and 5 years	240,640	305,686
Over 5 years	562,823	803,559
	2,523,223	2,957,000

Fair value of investment properties

The book value of the property held by the Group has been increased by €1,423,803 (2024: €2,558,543) to reflect the established fair value as at 31 December 2025, reflecting several different factors and adjustments to the individual property values, including the downward adjustment to certain property categories resulting from the market changes and developments of the past two years, and reflecting improvements and additions to the portfolio during the year, resulting from the acquisition and development activity of the Group.

It is important to note that the Group has not recognised any value over the costs incurred for its contracts and promises of sale of property which have not yet been fully acquired, but binding contracts are existing, and is conservatively left out of the book value of the Group.

The Group considers that the current macroeconomic conditions (e.g. high interest rates, yields and vacancy expectations) are properly reflected in its fair value measurements, noting that the city of Valletta, where predominant part of the Group's assets are located, represents a specific micro-market, which UNESCO-protected, historic buildings and limited supply, while demand is steadily increasing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

12. INVESTMENT PROPERTIES - continued

Valuation process

As is usually done by the Group, on an annual basis, during the reporting year it has carried out a full property valuation exercise, performed by an independent professional valuer to assess the market value of its assets, whether these are owned or leased. The annual valuation report was prepared by Edwin Mintoff Architects ('EMA') in their capacity of a warranted architect and civil engineers, as independent asset valuers. This full valuation report was prepared on a market value basis, based on the principles defined by the Royal Institute of Chartered Surveyors ('RICS') Standards and applicable adjustments, which are made for property specific conditions of the properties, reflecting the development project status or operational conditions and was completed in January 2026, as part of the annual asset valuation exercise.

On this basis, the Board of Directors has made its own assessment which has considered the overall valuation values of the independent report, and has also assessed the individual property specific values, assessing the various specific developments and adjusted for property-specific status of the ongoing development projects, as well as the investment value potential for the Group's asset portfolio. The assessment of the fair market value of the Group's asset portfolio performed by the Board of Directors as at the end of the reporting period is considered conservative and is based on careful assessment of the available independent valuation reports, market information and consideration of the actual market conditions and forecasts.

Valuation techniques

It should be noted that the actual price (liquidation value) which the Group might obtain, if forced to sell all properties in the short term, might be lower than the estimated figures accepted as fair market value of the specific assets, as this is usual in similar cases. In addition, there are several risks and discount factors associated specifically with the nature and operation of the Group's strategy and its line of business, which were taken into account in establishing the fair market value of the properties and related assets reflected in the Directors assessment, namely:

- Ability to match the forecasted schedule and development budgets;
- Securing the necessary finance for all development related expenses (beyond the currently available funds) for all the projects within a short time frame might prove difficult;
- Securing the necessary development and operational permits within a relatively short time frame for all the planned development projects might not materialize in time, resulting in delays or undue strain on resources and finance and overall increased development costs and delayed proceeds from operation;
- Finding prospective buyers or partners or operators for some or all the projects within a short time frame might not be possible at the forecasted terms and conditions;
- The development and execution risks required to make some of these properties operational (particularly the Silver Horse Block Phase 2 project) are considered high; and
- The impact of changing general market conditions and regulatory risks associated with the operation of finished and managed properties is a risk itself.

For investment properties categorised under Level 3 of the fair value hierarchy, the valuation is based on a comparative valuation methodology, and in certain cases, discounted cash flow valuation methodology, as detailed below. The annual Directors' valuation is based on the independent valuer's estimated market values, and where applicable specific (usually reflecting discounts) adjustments are applied reflecting specific property/development characteristics.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

12. INVESTMENT PROPERTIES - continued

Valuation techniques - continued

For the residential and commercial properties under comparative approach, this is a relative valuation method in which one compares the current value of a property to another with similar characteristics. This method involves comparing the subject property with similar properties that have been recently sold and those that are currently being offered for sale in the vicinity of other comparable localities. The characteristics, merits and demerits of these properties are considered, and appropriate adjustments thereof are then made to arrive at the value of the subject property. The higher the comparable market rates, the higher the fair value of the property.

The fair value of the Silver Horse Block Phase 2, a property currently in advanced stage of development, is determined based on project value, using various approaches, including a discounted cashflow method. The discounted cashflow method is based on assumptions, which consider the specific terms of the signed conditional lease agreement, assessment of the estimated development costs and discounts the projected revenue streams to a present value using a typical market discount rate. The applied discount rate in this case is 6%, reflecting current market conditions and parameters. The higher the discount rate, the lower the fair value.

Directors' assessment

As at 31 December 2025, the Directors' Valuation Report reflects conservatively updated values for each of the Group's assets, taking into account the specific status and condition of the underlying properties. Certain properties are currently under renovation, development, or in a preparatory stage in anticipation of future refurbishment. In such cases, the valuation typically incorporates appropriate discounts to reflect development risks and other project-specific factors. The values of such projects are reviewed annually and adjusted to reflect changes in legal status (including tenant arrangements), development progress, and other relevant considerations. As projects advance and associated risks are mitigated, previously applied discounts may be partially or fully released in accordance with the applicable valuation principles and professional recommendations. The valuation principles and methodologies applied are consistent with the relevant guidance issued by the Kamra tal-Periti (KtP) and generally accepted international industry practices.

Based on independent expert opinions and other available market information, the Directors remain of the view that the Valletta property market is relatively less exposed to short-term volatility compared to other property markets in Malta. Accordingly, the Directors are not aware of any material adverse changes in market values as at the date of this report.

Considering the above, as at 31 December 2025 the Directors approved a total property value of €87,303,927, representing an increase of approximately €4.0 million (an average of approximately 5%) compared to the Directors' valuation as at the end of 2024. This increase reflects ongoing property development activities as well as prevailing market conditions and trends.

In establishing the valuation, the Directors considered the recommendations contained in the reports prepared by independent third-party valuers, including suggested adjustments to the fair market values of certain assets to reflect current conditions in the Valletta property market. Projects under development, as well as projects completed but not yet operational at the valuation date, were reflected based on their estimated project value at that time, with the values of fully developed assets expected to be realised upon completion and commencement of operations.

The Directors have also confirmed that the Group's long-term operational outlook remains materially unchanged, particularly in relation to the projected long-term achievable revenues and operational profitability expected from the operation of the Group's fully developed assets.

The Group applies IFRS 16 - Leases, which permits the recognition of leased properties in the statement of financial position. In addition, the Group applies a similar approach to certain managed properties where long-term contractual arrangements with property owners provide the Group with effective control over the operation and economic benefits of those properties, where relevant and applicable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

13. INVESTMENT IN SUBSIDIARY

Subsidiary	Registered address	Class of shares	% of ownership	
			2025	2024
Silver Horse Block Ltd	54, Marsamxett Road Valletta VLT 1853, Malta	Ordinary Shares	100	100

Silver Horse Block Ltd is at present a SPV designated for future use, related to the Company's operations or development projects, currently holding no material assets, not carrying any activity and therefore being inactive. The Group recognises the investment in Silver Horse Block Ltd at its cost of €1,200 (immaterial subsidiary for the group and hence, not consolidated).

The following table summarises the financial information of the Group's subsidiary as at and for the year ended 31 December 2025.

Subsidiary	Capital and reserves	Profit
	€	€
Silver Horse Block Ltd	1,200	-

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")

	2025	2024
	€	€
Quoted debt instruments		
Balance as at 1 January	9,105,174	-
Additions during the year	2,096,027	9,113,992
Redemptions during the year	(5,205,654)	-
Movement in fair value	48,797	(8,818)
Balance as at 31 December	6,044,344	9,105,174
	2025	2024
	€	€
Non-current	-	3,898,107
Current	6,044,344	5,207,067
	6,044,344	9,105,174

The Group's financial assets are quoted debt instruments. The fair value gain of the financial assets amounting to €48,797 (2024: fair value loss of €8,818) is recognised in other comprehensive income and reflected as fair value reserve.

15. LOAN RECEIVABLE

	2025	2024
	€	€
Loan to third-party (i)	132,478	126,228

(i) The loan receivable bears 6% interest rate per annum. The loan was not repaid during the year, because the parties have agreed and entered into an agreement, which will provide a repayment of the full loan amount to the Group through cooperation in utilisation of the commercial premises of the debtor. The details of the commercial cooperation are to be finalised based on the existing agreement, and the rent due is to be set off as collections on account of the loan and related receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

16. DEFERRED TAX ASSETS

The asset for deferred tax is analysed as follows:

	2025	2024
	€	€
Excess of capital allowances over depreciation	(295,817)	(184,459)
Unamortised bond issue costs	111,137	-
Lease liabilities	498,911	558,385
	314,231	373,926

Deferred tax assets and liabilities are offset when the Group 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.

Provision was made for deferred tax for all temporary differences, except of fair value adjustment for investment properties, on the basis of the liability method using a principal tax rate of 35%. The deferred tax asset movement is made up of:

	2025	2024
	€	€
Balance at beginning of the year	373,926	142,114
Movement in the excess of capital allowances over depreciation	(111,358)	(102,119)
Movement in unamortised bond issue costs	111,137	-
Movement in unabsorbed tax losses and capital allowances	-	(124,077)
Movement in lease liabilities	(59,474)	458,008
Balance at end of year	314,231	373,926

17. TRADE AND OTHER RECEIVABLES

	2025	2024
	€	€
Trade receivables (i)	216,967	238,668
VAT refundable	182,080	158,149
Prepayments and accrued income	91,640	99,585
Accrued interest	21,233	27,136
Accrued service fee	267,053	-
Advances to employees	37,665	15,815
Other receivables	105,902	39,819
	922,540	579,172
Provision for expected credit losses	(39,055)	(39,055)
	883,485	540,117

(i) Trade receivables are non-interest bearing and are generally on a 30-day term.

The Group's exposure to credit risk and impairment losses relating to trade and other receivables is disclosed in Note 26.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

18. CASH AND CASH EQUIVALENTS

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

	2025	2024
	€	€
Cash at banks	1,077,494	1,084,951
Cash in hand	943	980
	<u>1,078,437</u>	<u>1,085,931</u>

The Group invested its temporary available free cash reserves in quoted debt instruments and are treated as financial assets at FVOCI in accordance with IFRS 9 and in line with the Group's declared policy for utilisation and investment of liquidity reserves, as disclosed in Note 14.

19. SHARE CAPITAL AND RESERVES

	2025	2024
	€	€
Share Capital		
Authorised:		
330,000,000 Ordinary shares of €0.20 each	<u>66,000,000</u>	66,000,000
Issued and fully paid:		
249,179,183 Ordinary shares of €0.20 each	<u>49,835,837</u>	49,835,837

The issued share capital of the Group currently consists of 249,179,183 ordinary shares of €0.20 each. The authorised share capital currently consists of 330,000,000 ordinary shares of €0.20 each.

As at 31 December 2025, the market price of the ordinary shares on the Malta Stock Exchange ("MSE") was €0.186 each (based on the last trading of shares prior to the end of the year). The trading volume of the Group's shares on MSE is very low compared to the total value of outstanding shares, the free float and the total asset value, and therefore it is considered non-representative as an indication of fair market value of the Group.

The Ordinary shares of the Group participate equally in any payment of dividends or any distribution and return of capital and carry identical rights and voting rights, as specified in the Memorandum and Articles of Association the Group.

The following describes the nature and purpose of each reserve within equity:

Share premium	The amount subscribed for share capital in excess of par value.
General reserve	The amount of the issued share capital reduction after the restructuring of the Group completed in 2019, retained in the Group, not distributed to the shareholders.
Other reserves	Non-distributable reserves for fair value revaluation on the office building and financial assets at FVOCI
Retained earnings	All other net earnings or profit after accounting for dividends.

During the year ended 31 December 2025, gross dividends amounting to €220,000 (0.08829 euro cents per ordinary share) (2024: €200,000) were declared, while actual net dividends paid during the year amounted to €209,000 (2024: €200,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

20. BORROWINGS

	2025 €	2024 €
Non-current		
Bank borrowings (i)	8,903,837	8,898,957
Bonds payable (ii)	9,682,462	9,647,005
	<u>18,586,299</u>	<u>18,545,962</u>
Current		
Bank borrowings (i)	<u>871,850</u>	590,709

- (i) The Company obtained a bank loan under the MDB-guarantee scheme provided to support businesses following the Covid-19 outbreak, which had in the previous periods a subsidised interest rate, in compliance with the MDB loan programme and relevant EU regulations. Currently, effective interest rates are at market terms. The loan is being amortised as planned.

During 2022, the Company secured a long-term loan facility of €14,500,000, structured to reflect the Company's financing needs, and to secure the necessary long-term funding for its development and acquisitions programme. This loan facility is repayable over a period of 15 years, and is structured into specific, dedicated utilisation purposes. The facility is drawdown in relation with the executed development and regeneration works. During 2023, the Group has also secured a short-term revolving overdraft credit facility, which is currently unutilised. During the year 2025, the Company continued utilising the facility, as per planned schedule, while significant portion of the development loan facility remain unutilised.

The long-term development bank loan facility is covered under one overall agreement with the bank, but structured to reflect the designated use of funds. Repayment terms, applicable interest and actual repayment amounts are defined accordingly. Repayment amounts are based on a "scaletta repayment schedule", reflecting the Group's development process, following a 2-year moratorium period and are being repaid in monthly fixed instalments, inclusive of interest. Within the repayment period, the monthly instalments will be gradually increased, and remain inclusive of interest, until the full final repayment. The Group's long-term debt repayment obligations and other relevant parameters are presented in greater details in the Prospectus dated 4th October 2024. Further details on the loan repayment timing and expected cash-flows are presented in Note 26.

The loan facilities are secured by a general hypothec over the Company's assets, and special hypothecs over the properties developed under the long-term development facility.

The applicable costs of the development banking facilities (e.g. processing fees, commitment fees, legal and professional fees directly related to the facility), were partially recognised in the Statement of Comprehensive Income during the year, in line with the applicable accounting standards, and partially capitalised on Investment Properties, as considered capital expenditure related to development of the Company's properties. The amount of borrowing costs capitalised during the year ended 31 December 2025 was €317,228 (2024: €280,976). The carrying amounts of the bank borrowings are reasonable approximations of their fair value.

The loan repayments during the year amounted to €571,048 (2024: €397,832). Total interest expense on bank loans recognised in the profit or loss are disclosed in Note 8 to these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

20. BORROWINGS - continued

(ii) On 1 November 2024, the Company successfully issued a €10,000,000, 5.2% redeemable secured bonds 2030-2034 with a nominal exchange value of €100 per bond. The bonds were fully subscribed and will mature on 25 October 2034 with interest payments due annually, every 25th of October until maturity. The amount presented in the statement of financial position is net of unamortised bond issue costs amounting to €317,538 (2024: €352,995). Interest expense on bonds for the year are as disclosed in Note 8 to these consolidated financial statements. Accrued interest payable as at 31 December 2025 is disclosed in Note 23 to these consolidated financial statements. The fair value of the bonds for every €100 bond as at 31 December 2025 was €100.20.

21. LEASE LIABILITIES

The Group leases properties which are utilised in the operations or operated as investment properties, under agreements of between ten to twenty-five years, in some cases with options to extend. The lease contracts have various escalation clauses. On renewal, the terms of the leases are renegotiated.

	2025 €	2024 €
Minimum lease payments		
Due after more than five years	1,329,565	1,406,615
Due after one year but within five years	504,827	716,617
Due within one year	353,474	309,801
Total gross lease liabilities	<u>2,187,866</u>	<u>2,433,033</u>
Discounting	<u>(762,409)</u>	<u>(837,648)</u>
Present value of lease liabilities	<u>1,425,457</u>	<u>1,595,385</u>

Movements in lease liabilities during the year are as follows:

	2025 €	2024 €
At 1 January	1,595,385	286,791
Additions	68,902	1,403,417
Interest expense	82,529	74,176
Gross lease payments	<u>(321,359)</u>	<u>(168,999)</u>
At 31 December	<u>1,425,457</u>	<u>1,595,385</u>

	2025 €	2024 €
Non-current portion	1,134,044	1,361,732
Current portion	291,413	233,653
At 31 December	<u>1,425,457</u>	<u>1,595,385</u>

The following were the amounts recognised in profit or loss relating to leases:

	2025 €	2024 €
Depreciation	324,498	197,351
Interest expense	82,529	74,176
	<u>407,027</u>	<u>271,527</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

22. DEFERRED TAX LIABILITIES

	2025 €	2024 €
Effect of fair value movement on investment properties	4,919,450	4,776,423
Right-of-use assets	209,006	272,672
	5,128,456	5,049,095

Deferred tax assets and liabilities are offset when the Group 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.

Provision was made for deferred tax for all temporary differences on the basis of the liability method using a principal tax rate at 35%/5%.

	2025 €	2024 €
Balance at beginning of the year	5,049,095	4,373,858
Movement of investment properties fair value	143,027	485,746
Movement in right-of-use assets	(63,666)	189,491
Balance at end of year	5,128,456	5,049,095

The Group is calculating its deferred tax liability on investment properties at 5%, being the rate applied if it had to sell its properties within 5 years of acquisition.

23. TRADE AND OTHER PAYABLES

	2025 €	2024 €
Non-current		
Deposits on lease agreements	137,030	122,729
Current		
Trade payables (i)	308,949	159,922
Accruals (ii)	546,497	1,222,594
Deposits on properties	9,449	3,487
Bond interest payable	89,613	83,778
Dividends payable	19,115	155
Contract liabilities	15,807	13,040
Other payables	53,469	247,819
	1,042,899	1,730,795

- (i) Trade payables are non-interest bearing and are normally on 30 to 60 day term.
- (ii) These accruals include amounts due to a related party amounting to €272,252 (2024: €910,349).

The Group's exposure to liquidity risk relating to trade and other payables is disclosed in Note 26.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

24. RELATED PARTY TRANSACTIONS AND DISCLOSURES

The Group has related party relationships with some of its investors and companies over which the Directors exercise significant influence. Transactions are carried out with related parties on a regular basis and in the ordinary course of the business.

In the opinion of the Directors, there is no ultimate controlling party of the Group, since no shareholder of VBL Plc has more than 25% of voting rights.

During the year ended 31 December 2025, transactions related to VBLM Limited are included in the related party transactions as detailed below.

During the year, the Group entered into transactions with related parties as set below.

	2025	2024
	€	€
Capitalised property development expenses - VBLM	544,504	757,762
Management fees expenses - VBLM	181,501	252,587
Directors travel reimbursement	1,333	2,277
	<u>1,333</u>	<u>2,277</u>

25. EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit attributable to equity holders of the Group by the weighted average number of ordinary shares in issue during the year.

	2025	2024
Profit attributable to equity holders of the Group	€1,573,905	€2,482,018
Weighted average number of shares in issue	249,179,183	249,179,183
Basic and diluted earnings per share	<u>€0.0063</u>	<u>€0.0100</u>

The Group has no instruments or arrangements which give rise to potential ordinary shares and accordingly diluted earnings per share is equivalent to basic earnings per share.

26. FINANCIAL RISK MANAGEMENT

The Group's activities potentially expose it to a variety of financial risks such as market risk (including equity price change risk and interest rate risk), credit risk, and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group did not make use of derivative financial instruments to hedge certain risk exposure during the current and preceding financial periods.

The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of variable interest rate risks or applying fixed interest rates, and ageing analysis for credit risk.

Risk management is carried out by senior finance executive ('finance') under policies approved by the Directors. These policies include identification and analysis of the Group and appropriate procedures, controls and risk limits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

26. FINANCIAL RISK MANAGEMENT - continued

Market risk

Market risk is the risk that changes in market prices (e.g. foreign exchange rates, interest rates and equity prices) will affect the Group's income or the value of its holdings of financial instruments.

The Group's currency of operation is Euro, all revenues and payables are defined, contracted and accounted in Euro.

The Group is exposed to changes in equity prices and interest rates.

Equity price change risk

The Group is exposed to changes in equity prices ("price risk") in respect of its listed shares, which is not a Group-specific risk, but it is a risk of the equity investors and shareholders. Therefore, the price risk is a relevant risk from the point of view of the Group's shareholders (investors), holding the listed securities.

The price risk is significantly dependent on the local and global stock market's specifics, the equity trading trends, actual trading volumes and other specifics of the equity market at the Malta Stock Exchange (MSE), and it is less dependent on the Group's actual financial or market performance. It is to be noted that the average trading volume of Group's shares on the stock exchange is very low, both compared to the Group's total equity and property value. During the reporting year 2025, the Group's revenues, overall financial performance and asset values have improved significantly, while the share prices have decreased amidst low trading volume compared to the Group's actual book value. Therefore, the actual changes in equity prices are considered not representative of the Group's actual market or asset value.

The investments in listed equity securities are considered as long-term strategic investment and are regulated and monitored by local authorities, including MFSA, and EU level regulation and authorities. The Directors continuously monitor the stock prices of the Group and assess the impact of potential stock price changes to the Group.

While the experienced trading volumes and cumulative trade in the Group's shares during the year were very low compared to the Group's book value, the following table illustrates the theoretical sensitivity and change of market capitalisation to a possible change in market price.

	Change €	Increase/ (decrease) in profit for the year €	Increase/ (decrease) in equity €
2025	(0.04)	-	(9,967,167)
2024	(0.04)	-	(9,967,167)

Interest rate risk

The interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Group is exposed to interest rate risk through its financial assets at FVOCI, and some of its long-term borrowings. Financial assets at FVOCI are investments in fixed-rate bonds which are exposed to changes in fair value as a result of movements in market interest rates, while the contractual cash flows remain fixed over the life of the instruments. An increase in market interest rates would result in a decrease in the fair value of these investments, whilst a decrease would result in an increase in fair value. During the reporting year, the Group's long-term borrowings have been serviced at fixed interest rate, in line with the negotiated terms with the lenders. This has reduced the Group's exposure to short-term market volatilities and interest rate volatility and has secured a stable and predictable environment for the Group's debt service obligations. A decrease in market interest rates would result in a

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

26. FINANCIAL RISK MANAGEMENT - continued

Market risk - continued

Interest rate risk - continued

decrease in the fair value of these long-term borrowings and whilst an increase would result in an increase in fair value. Management considers the potential impact on profit or loss of a defined interest rate shift that is reasonably possible at the end of the reporting period to be immaterial.

Credit risk

Financial assets which potentially subject the Group to concentrations of credit risk consist principally of cash at bank and receivables. The Group's cash is placed with quality financial institutions as well as it limits the amount of credit exposure with any one financial institution, to the extent possible. The Group has appropriate policies to ensure that sales of properties and provision of services are made to customers with appropriate credit history, or where this is not possible or practical, alternative risk mitigating practices are applied. In this respect, credit risk with respect to receivables is monitored continuously and the Group places a specific provision on any debt on which there is doubt of recoverability. Bad debts are therefore negligible, and, in this respect, the Group has no significant concentration of credit risk. The Group's calculated expected credit losses is immaterial.

	2025	2024
	€	€
Financial assets		
Financial assets at FVOCI	6,044,344	9,105,174
Loan receivable	132,478	126,228
Trade and other receivables	883,485	540,117
Cash at banks	1,077,494	1,084,951

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity by maintaining adequate reserves and banking facilities to meet its abilities when due, under both normal and stressed conditions. The Directors do not foresee and are unaware of any circumstances whereby the Group would not honour its commitment.

Unused borrowing facilities as at 31 December were as follows:

	2025	2024
	€	€
Bank overdrafts	500,000	500,000
Bank borrowings	4,871,896	5,729,018
	5,371,896	6,229,018

	Within one year	One to five years	More than five years
	€	€	€
2025			
<i>Financial liabilities:</i>			
Bonds and interest payable	425,364	2,085,424	12,084,435
Bank borrowings	1,171,108	5,722,515	5,368,222
Lease liabilities	353,474	504,827	1,329,565
Trade and other payables	855,446	-	-
	2,805,392	8,312,766	18,782,222

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

26. FINANCIAL RISK MANAGEMENT - continued

Liquidity risk - continued

	Within one year	One to five years	More than five years
	€	€	€
2024			
<i>Financial liabilities:</i>			
Bonds and interest payable	425,364	2,085,424	12,605,434
Bank borrowings	1,019,718	3,228,674	9,002,894
Lease liabilities	309,801	716,617	1,406,615
Trade and other payables	1,382,516	-	-
	<u>3,137,399</u>	<u>6,030,715</u>	<u>23,014,943</u>

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of credit facilities and the ability to close out market positions.

The timing and volume of the loan repayment cashflows are dependent on the actual timing of the loan utilisation, drawdowns and other relevant conditions. The options are considered in the Group's presented financial projections and regularly updated to reflect the facts. The cash-flows related to the bond issue are also detailed in further detail in the Prospectus dated 4th October 2024.

Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern and to maximise the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists mainly of cash and cash equivalents as disclosed in Note 18, items presented within equity in the statement of financial position and borrowings as disclosed in Note 19 and Note 20, respectively.

The Group's Directors manage the Group's capital structure and make adjustments to it, in the light of changes in economic conditions and according to the originally disclosed strategy. The Group's capital structure is reviewed on an ongoing basis. Based on recommendations of the Directors, the Group aims to balance its overall capital structure through the payments of dividends, new share issues as well as the issue of new debt or the redemption of existing debt. The Group monitors its capital structure and targets to maintain at all times a healthy gearing ratio. This ratio is calculated as total net borrowings divided by total capital. The Group considers total capital to be equity and total net borrowings, adjusted for deferred tax liabilities.

As part of this process, the Group has declared and continues to explore and perform a comprehensive evaluation of strategic financing options and initiatives to unlock and maximise shareholder value going forward. This ongoing process includes considering a number of possible strategic options, including the possibility of raising further capital from strategic and/or financial investors or carrying out equity transactions, including options which might result in a change to the shareholding or capital structure of the Group. Any decisions on the selection of specific strategic options are made regularly and adequately communicated to the market, under the applicable rules and regulations.

The Group's overall business and development strategy remains unchanged from the prior year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

27. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details the changes in the Group'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 Group's statement of cash flows as cash flows from financing activities.

	Bonds payable (Note 20) €	Bank borrowings (Note 20) €	Lease liabilities (Note 21) €	Total €
Balance at 01 January 2025	9,647,005	9,489,666	1,595,385	20,732,056
Drawdowns	-	857,071	-	857,071
Repayments	-	(571,048)	(238,830)	(809,878)
Interest paid	-	(449,657)	(82,529)	(532,186)
<i>Non-cash transactions:</i>				
Additions	-	-	68,902	68,902
Interest expense	-	176,771	82,529	259,300
Amortisation of bond issuance costs	35,457	-	-	35,457
Capitalised borrowing costs	-	317,228	-	317,228
Other movements	-	(44,344)	-	(44,344)
Balance at 31 December 2025	9,682,462	9,775,687	1,425,457	20,883,606

	Bonds payable (Note 20) €	Bank borrowings (Note 20) €	Lease liabilities (Note 21) €	Total €
Balance at 01 January 2024	-	8,270,631	286,791	8,557,422
Drawdowns	-	1,563,818	-	1,563,818
Repayments	-	(397,832)	(94,823)	(492,655)
Interest paid	-	(412,855)	(74,176)	(487,031)
Proceeds from issuance net of bond issue costs	9,640,997	-	-	9,640,997
<i>Non-cash transactions:</i>				
Additions	-	-	1,403,417	1,403,417
Interest expense	-	163,248	74,176	237,424
Amortisation of bond issuance costs	6,008	-	-	6,008
Capitalised borrowing costs	-	280,976	-	280,976
Other movements	-	21,680	-	21,680
Balance at 31 December 2024	9,647,005	9,489,666	1,595,385	20,732,056

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**28. FAIR VALUE MEASUREMENT**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: Inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: Unobservable inputs for the asset or liability.

There were no transfers between levels during the year.

The valuation of investment properties at fair value is categorised as Level 3. Details of the valuation techniques are disclosed in Note 12 to these consolidated financial statements.

The Group's financial assets measured at fair value comprise quoted debt instruments classified as financial assets at FVOCI, as disclosed in Note 14. These instruments are valued using quoted prices in active markets and are therefore categorised as level 1.

Sensitivity analysis

The fair value of the Silver Horse 2 property ("SHB2") has been determined – among other methods - by using a discounted cash flow (DCF) model. The valuation incorporates significant unobservable inputs, primarily the discount rate and the long-term growth rate, which reflect market participants' expectations regarding the risk profile and future performance of the property. As these inputs are not directly observable in the market, changes in the assumptions applied could have a material impact on the estimated fair value.

The discount rate represents the rate of return that market participants would require for an investment with risk characteristics comparable to those of the property. An increase in the discount rate would reduce the present value of the projected future cash flows and therefore decrease the estimated fair value of the property. Conversely, a decrease in the discount rate would increase the present value of projected cash flows and result in a higher fair value.

The long-term growth rate represents the rate at which the property's net operating income is expected to grow over the projection period and into perpetuity. An increase in the growth rate assumption would generally result in a higher estimated fair value, while a decrease in the growth rate would lead to a lower estimated fair value.

To illustrate the sensitivity of the valuation to these key assumptions, the table below presents the estimated impact on the fair value of the SHB2 property resulting from a 0.5% change in each significant unobservable input, with all other assumptions held constant. It can be summarised that the sensitivity variations of the significant unobservable inputs, performed along the above-described assumptions, have an impact on the overall estimated market valuation of the asset of below 10%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

28. FAIR VALUE MEASUREMENT - continued

Sensitivity analysis - continued

The level 3 unobservable inputs and sensitivity are as follows:

Property	Unobservable input	Sensitivity
Silver Horse Block Phase 2	Discount rate	A 0.5% change in discount rate would increase/decrease the fair value by approximately €1.1 million (4%)
	Growth rate	A 0.5% change in growth rate would increase/decrease the fair value by approximately €1.4 million (5%)

29. CAPITAL COMMITMENTS

The Group's investment and development programme has been regularly communicated to the market and updated through regular company announcements and other communication. Nevertheless, the Group's mid-term projected capital commitments remain largely unchanged. These have been detailed in the Group's Listing Prospectus under the chapter of Prospective Financial Information, issued in August 2021 and subsequently detailed in the Group's bond prospectus published in October 2024 and reflects the Directors expectation with respect to the future operations and project development of the Group. Regular updates and adjustments to these plans are performed and communicated to align the plans to the market reality and actual conditions, while the overall strategy remains unchanged. The basis of preparation and key underlying assumptions, financial and development plans, are also detailed in the prospectus, monitored and updated regularly. As of the end of the reporting period, these are materially unchanged and implemented along the originally projected timeframes.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of VBL Plc

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of VBL Plc ("the Company") and its subsidiaries (together, "the Group") set out on pages 29 to 59, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group 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 Accounting Standards) as adopted by the European Union (EU), and have been properly prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

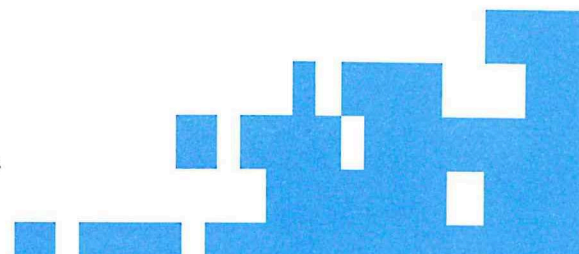
Our opinion is consistent with our additional report to the Audit Committee in accordance with the provision of Article 11 of the EU Regulation No. 537/2014 on specific requirements regarding statutory audits of public-interest entities.

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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements of both the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Code of Ethics for Warrant Holders in Malta. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Group are in accordance with the applicable laws and regulations in Malta and that we have not provided any non-audit services that are prohibited under Article 18A of the Accountancy Profession Act (Cap 281).

The non-audit services that we have provided to the Group are disclosed in Note 5 to these consolidated financial statements.



INDEPENDENT AUDITOR'S REPORT - continued

To the Shareholders of VBL Plc

Report on the Audit of the Consolidated Financial Statements - continued

Key Audit Matters

Key audit matters are those matters that, in our professional judgement were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of Investment Properties

The Group's investment properties are carried at fair value of €87,303,927 as at 31 December 2025.

Further detail is included in Note 12 to these consolidated financial statements.

The existence of significant estimates used to arrive at the fair value of the property, could result in a potential material misstatement by virtue of the inherent limitations underlying the estimations. Consequently, specific audit focus and attention was given to this area. The valuation of the property was performed by management on the basis of valuation reports prepared by an independent qualified valuer and the Board of Directors' assessment which considers various specific developments and adjusted for property-specific status of the ongoing development projects, as well as the investment value potential for the VBL asset portfolio.

Audit Response

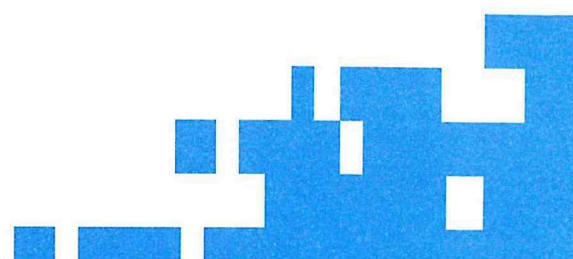
We understood and evaluated the assessment performed by management on the basis of the revaluations performed by a professional qualified valuer and the Board of Directors' assessment to ascertain the fair value of the investment properties.

Our audit procedures included amongst others:

- Considering the objectivity, independence, competence and capabilities of the external valuer.
- Considering the objectivity, competence and capabilities of the management and directors.
- Reviewing the methodology used by the external valuer and management to estimate the value of the property.
- Assessing and challenging the significant unobservable inputs and assumptions that were applied in the valuations made.
- Assessing the reasonableness of the valuations by reference to market evidence of transactions for similar properties.
- Conducting discussions with the independent professional valuer, management and directors.

We concluded, based on our audit work, that the outcome of the assessment is reasonable.

In addition, we reviewed the adequacy of disclosures made in Note 12 to these consolidated financial statements and concluded that these are adequate.



INDEPENDENT AUDITOR'S REPORT - continued

To the Shareholders of VBL Plc

Report on the Audit of the Consolidated Financial Statements - continued

Other Information

The directors are responsible for the other information. The other information comprises the general information, directors' report, remuneration report and statement of the directors and statement by the directors on compliance with the Code of Principles of Good Corporate Governance, but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as explicitly stated within the *Report on Other Legal and Regulatory Requirements*.

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

Under Article 179(3) of the Maltese Companies Act (Cap. 386), we are required to consider whether the information given in the directors' report is compliant with the disclosure requirements of Article 177 of the same Act.

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

- the directors' report has been prepared in accordance with the Maltese Companies Act (Cap. 386);
- the information given in the directors' report for the financial year for which the consolidated financial statements are prepared is consistent with the consolidated financial statements; and
- in light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

Responsibilities of the Directors for the Consolidated Financial Statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and the requirements of the Maltese Companies Act (Cap. 386), and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group'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 Group or to cease operations, or have no realistic alternative but to do so.

The directors have delegated the responsibility for overseeing the Group's financial reporting process to the Audit Committee.

INDEPENDENT AUDITOR'S REPORT - continued

To the Shareholders of VBL Plc

Report on the Audit of the Consolidated Financial Statements - continued

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 consolidated 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 Group to cease to continue as a going concern.

Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT - continued

To the Shareholders of VBL Plc

Report on the Audit of the Consolidated Financial Statements - continued

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements - continued

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

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

Report on Other Legal and Regulatory Requirements

Report on the Statement of Compliance with the Code of Principles of Good Corporate Governance

The Capital Market Rules issued by the Malta Financial Services Authority require the directors to prepare and include in their Annual Report a Statement of Compliance with the Code of Principles of Good Corporate Governance within Appendix 5.1 to Chapter 5 of the Capital Market Rules. The Statement's required minimum contents are determined by reference to Capital Markets Rule 5.97. The Statement provides explanations as to how the Company has complied with the provisions of the Code, presenting the extent to which the Company has adopted the Code and the effective measures the Board has taken to ensure compliance throughout the accounting period with those Principles.

The Capital Markets Rules also require the auditor to include a report on the Statement of Compliance prepared by the directors.

We read the Statement of Compliance and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the consolidated financial statements included in the Annual Report with respect to the information referred to in the Capital Market Rules 5.97.4 and 5.97.5. We also assessed whether the Statement of Compliance includes all the other information required to be presented as per Capital Market Rules 5.97. 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 Statement of Compliance cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures. In our opinion, the Statement of Compliance with the Principles of Good Corporate Governance set out on pages 20 to 28 has been properly prepared in accordance with the requirements of the Capital Markets Rules issued by the Malta Financial Services Authority.

INDEPENDENT AUDITOR'S REPORT - continued

To the Shareholders of VBL Plc

Report on Other Legal and Regulatory Requirements - continued

Report on the Remuneration Statement

The Capital Markets Rules issued by the Malta Financial Services Authority requires the directors to prepare a remuneration statement. We are required to consider whether the information that should be provided under the Remuneration Statement has been included.

In our opinion, the Remuneration Statement has been properly prepared in accordance with the requirements of the Capital Markets Rules issued by the Malta Financial Services Authority.

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

We have undertaken a reasonable assurance engagement in accordance with the requirements of Directive 6 issued by the Accountancy Board in terms of the Accountancy Profession Act (Cap. 281) – the Accountancy Profession (European Single Electronic Format) Assurance Directive (the "ESEF Directive 6") on the annual financial report of VBL plc for the year ended 31 December 2025, entirely prepared in a single electronic reporting format.

Responsibilities of the directors

The directors are responsible for the preparation of the annual financial report, including the consolidated financial statements and the relevant mark-up requirements therein, by reference to Capital Markets Rule 5.56A, in accordance with the requirements of the ESEF RTS.

Auditor's responsibilities

Our responsibility is to obtain reasonable assurance about whether the annual financial report, including the consolidated financial statements and the relevant electronic tagging therein comply in all material respects with the ESEF RTS based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with the requirements of ESEF Directive 6.

Our procedures included:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the annual financial report, in accordance with the requirements of the ESEF RTS.
- Obtaining the annual financial report and performing validations to determine whether the annual financial report has been prepared in accordance with the requirements of the technical specifications of the ESEF RTS.
- Examining the information on the annual financial report to determine whether all the required taggings therein have been applied and whether, in all material respects, they are in accordance with the requirements of the ESEF RTS.

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

INDEPENDENT AUDITOR'S REPORT - continued

To the Shareholders of VBL Plc

Report on Other Legal and Regulatory Requirements - continued

Opinion

In our opinion, the annual financial report for the year ended 31 December 2025 has been prepared, in all material respects, in accordance with the requirements of the ESEF RTS.

Other matters on which we are required to report by exception

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

- proper accounting records have not been kept; or
- proper returns adequate for our audit have not been received from branches we have not visited; or
- the consolidated financial statements are not in agreement with the accounting records and returns; or
- we were unable to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

We also have responsibilities under the Capital Markets Rules to review the statement made by the directors that the business is a going concern together with supporting assumptions or qualifications as necessary.

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

Appointment

We were first appointed to act as auditors of the Group by the shareholders of the Company on 14 December 2021 for the year ended 31 December 2021, and we were subsequently reappointed by the shareholders at the Company's general meeting for the financial year thereafter. The period of uninterrupted engagement as statutory auditor of the Group is five financial periods.

A handwritten signature in blue ink, appearing to be 'Conrad Borg', is written over a horizontal line.

*This copy of the audit report has been signed by
Conrad Borg (Principal)
for and on behalf of*

RSM Malta
Registered Auditors

29 April 2026

VBL PLC
Annual Financial Report
and
Financial Statements
31 December 2025

“This version of the Annual Report is not the official version. The official version is the ESEF Annual Financial Report 2025 that can be found on the Malta Stock Exchange portal at <https://www.borzamalta.com.mt/reports/VBL>.”

VBL Plc
Annual Financial Report and Financial Statements - 31 December 2025

CONTENTS

	Pages
General information	2
Directors' report	3 - 15
Remuneration report and statement of the Directors	16 - 18
Statement by the Directors on Compliance with the Code of Principles of Good Corporate Governance	19 - 27
Statement of comprehensive income	28
Statement of financial position	29
Statement of changes in equity	30
Statement of cash flows	31
Notes to the financial statements	32 - 57
Independent auditor's report	58 - 64

VBL Plc

Annual Financial Report and Financial Statements - 31 December 2025

GENERAL INFORMATION

Registration

VBL Plc is registered in Malta as a public limited liability company under the Maltese Companies Act (Cap. 386). The company's registration number is C 56012. Since last publication, there were no changes to the name of the reporting entity.

Place of domiciliation

Malta

Principal place of business

Malta

Directors

Dr. Andrei Imbroli
Mr. Artur Haze
Dr. Geza Szephalmi
Mr. David Galea Souchet
Mr. Julian Tzvetkov
Ms. Isabella Vella
Dr. John Attard (appointment expired on 31 July 2025)

Company secretaries

Dr. Joseph Borg Bartolo and Dr. Mikiel Calleja

Registered office and principal place of business

54, Marsamxett Road
Valletta VLT 1853
Malta

Principal bankers

Bank of Valletta p.l.c.
184, Triq In-Naxxar
San Gwann SGN 9030
Malta

Auditor

RSM Malta
Mdina Road
Zebbug ZBG 9015
Malta

DIRECTORS' REPORT

The Directors present their annual financial report and audited financial statements of VBL Plc ("the Company") for the year ended 31 December 2025.

Principal activities

The Company is involved in property ownership and the full process of real estate acquisitions, integrated real estate development, property management, operations, utilisation (rental) and disposal of properties. The Company's main market of operation is Valletta, which is a UNESCO world heritage site, and is a protected, unique and fortified city, the political and administrative centre of Malta.

During the course of over ten years of operations, the Company has established itself as one of the largest and most active investors in immovable property in Valletta (based on the number of owned, acquired and developed units, and the number of operated/managed properties in Valletta). The Company has a successful track record of identifying, acquiring, developing and managing real estate all around Valletta.

The Company's principal areas of activities are as follows:

- A. Property ownership, regeneration and maintenance;
- B. Identification and acquisition of real estate assets in the city of Valletta, and the consolidation of acquired properties to achieve sizeable development projects, spanning the planning and permitting stage to the preparation and development of the projects;
- C. Execution, on a project-by-project basis, of the restructuring, conceptualisation, re-development, re-generation and renovation of acquired real estate assets, including regeneration and improvement of related areas, neighbourhoods or districts of the capital city, improving overall quality of life for the local community and residents, creating modern, liveable community areas and supporting development of social and cultural activities;
- D. Operation and management of commercial and residential real estate assets with a view to generating a growing recurring rental income; or sale, and occasionally management for the new owners, of the re-developed assets, where the commercial opportunity to dispose of the asset secures higher margins than its on-going operation. This operational area also includes the management of other third-party real estate assets for accommodation, commercial and office space and the provision of professional operation and management of established hotels and hostels, by leveraging on VBL's existent operational structures and highly skilled management team, while providing high value-added services and overall solution to owners of such assets.

The Company has developed fully integrated professional skills and management structure with large range of in-house capabilities in each of the principal activities undertaken by the Company, ranging from the asset acquisition, asset regeneration/renovation/development, management and operation activities. The Company has established and operates a vertically integrated business process, based on a very well defined and focused target market, where it has proven skills to deliver on all aspects the whole cycle, whereby ensuring the high quality of products and/or services based on established in-house systems and structures, supported by a selection of trusted long-term business partners and sub-contractors to ensure efficiency and to reduce dependency on more vulnerable, short-term commercial relations, thus also ensuring that maximum benefit is derived from all activities.

Review of Business Development and Financial Position of the financial year 2025

The Company's financial performance remained stable during the reporting period and continued to build on the growth achieved in previous years. During the reporting period, the Company delivered strong revenue growth, with revenues increasing by 26% compared to the prior year. This improvement translated into a significant enhancement in operational profitability, with Operational EBITDA rising to €1,438,132 from €1,016,636 in the previous year, while the Operational EBITDA margin increased to 84% from 75%.

DIRECTORS' REPORT - continued**Review of Business Development and Financial Position of the financial year 2025 - continued**

The Company's operations continue to be influenced by broader market dynamics, including global economic conditions, airline seat capacity, changes in consumer prices, services inflation and labour market quality and supply challenges. Notwithstanding these external factors, the Company successfully progressed with the implementation of its strategic initiatives during the reporting period. This includes the continued execution of its renovation programme and the further consolidation of its presence within the Valletta hospitality market through the addition of new units to its hospitality portfolio.

Throughout the year, the Company maintained a clear strategic focus on its core market of Valletta, strengthening its position while delivering on its planned growth objectives.

In the reporting period, the Company has continued to progress with its development programme, which has resulted into €1,423,803 of Investment Income for the period (2024: €2,520,977), as the balance of fair value movement of individual portfolio assets and an overall significant increase in the book value of Investment Properties amounting to €4,115,630.

The proportion of renovated operational assets continues to grow, however it remains relatively low compared to the Company's total owned portfolio, a position which will change considerably upon completion of the ongoing developments. As of 31 December 2025, only about 30% of the Company's owned assets, based on square meters, were operational and revenue generating. The remaining part of the Company owned assets are under development or are being prepared for development, which projects significant growth opportunities in the coming years, resulting from the conversion of the owned non-performing assets into renovated, revenue generating properties. In the course of the current business year, the development activity of the Company was progressing overall in line with previously declared plans and additional unconverted assets were transformed to operational properties, adding circa 300 square meters to the developed operational portfolio of revenue generating assets, in addition to several other ongoing development projects. During the year, the Company has also continued the renovation and conversion of the Silver Horse Block Phase 2 ("SHB2") property, for which a Full Development Permit ("FDP") has been secured for an 88-room four-star hotel, including Tourism Compliance Certification issued by the Malta Tourism Authority ("MTA"). Achievement of this key milestone was crucial for the Company to continue its course towards opening the first international hotel brand in Valletta. As previously announced, the completion of the SHB2 property is scheduled for the second half of year 2026, with the interim project development delays and usual complications resulting from the nature of the renovation and regeneration of old, historic properties expected to be largely resolved during the process. With the expected handover of the Company's current flagship project, and the revenue generation expected from this asset, the Company's financial and operational profile is projected to further improve and strengthen, maintaining the delivery of the long-term plans and projections.

The Company continued using its long-term banking development financing facility and the redeemable bond financing raised in prior periods, in line with the progress of the development programme. The unused bond proceeds were temporarily utilised as defined in the bond prospectus. The Company's overall leverage, however, remains very low. Third-party borrowings ratio remains at approximately 28%, as a result of the conservative management approach.

The core activity and the most significant value driver for the Company is real estate acquisitions and development, which accounts for the most significant value changes in the Company's accounts. The Company therefore reflects the investment income as a separate line item, right under total revenues. In the reporting period, Investment Income has reached €1,423,803 (2024 Investment income was €2,520,977), the year-on-year difference being due to the project development particularities, and in line with expectations.

The current development cycle, including the Company's current flagship project, SHB2, projects considerable square meters to be completed and handed over to operations beyond year 2025, in line with earlier disclosed plans. Thus, the significant development works carried out in 2025 on the Company's asset portfolio will contribute to the investment property fair value development and growth of the net book value, upon completion and handover of the ongoing development projects.

VBL Plc
Annual Financial Report and Financial Statements - 31 December 2025

DIRECTORS' REPORT - continued

Review of Business Development and Financial Position of the financial year 2025 - continued

Investment property fair value and net book value is a reflection of the property's current state and thus, does not reflect the potential value of the asset at completion.

	ACTUAL	ACTUAL	VARIANCE	
	Jan - Dec 2025	Jan - Dec 2024	2025 ACTUAL VS 2024 ACTUAL	
	€	€	€	%
Revenue	1,712,241	1,355,935	356,306	26%
Investment Income	1,423,803	2,520,977	(1,097,174)	(44%)
Cost of Sales	(17,923)	(25,497)	7,574	(30%)
Gross Profit	3,118,121	3,851,415	(733,294)	(19%)
GOP Margin	99%	99%	0%	
Other Operating Income	354,475	355,348	(873)	0%
Total Operating Costs	(610,661)	(669,150)	58,489	9%
EBITDA	2,861,935	3,537,613	(675,678)	(19%)
EBITDA Margin	91%	91%	0%	
EBITDA (Operational)	1,438,132	1,016,636	421,496	41%
EBITDA Margin (Operational)	84%	75%	9%	

Notes: Operational EBITDA and Operational EBITDA margin are calculated without investment income.

Dividends and Reserves

During the year ended 31 December 2025, gross dividends amounting to €220,000 (0.08829 euro cents per ordinary share) (2024: €200,000) were declared, while actual net dividends paid during the year amounted to €209,000 (2024: €200,000).

The Directors have proposed the balance of retained earnings amounting to €17,809,450 (2024: €16,427,652) be carried forward to the next financial year.

Listed Company Status

VBL Plc., as the principal company of the Group, is a listed entity at the Malta Stock Exchange ("MSE"). In the reporting year, there was no change in the number of the issued ordinary shares.

As at 31 December 2025, 100% of the Company's equity and issued share capital is listed on the MSE with a total number of shares in issue of 249,179,183. All shares of the Company are ordinary shares, with nominal value of €0.20 each, and have the same shareholders' rights.

The authorised share capital of the Company is €66,000,000.

DIRECTORS' REPORT - continued

Events After the End of the Reporting Period

There were no specific, materially important, events affecting the Company or its long-term outlooks, which occurred since the end of the reporting year. The long-term effects and uncertainties of the current global political and economic situation are currently not considered quantifiable, however, the global security and geopolitical uncertainties and challenges might have an impact on the Company's long-term business and development strategy. The Directors' current view is that, despite the current global economic situation, the niche market in which the Company operates, and the specific characteristics of the Company's property portfolio remains a competitive advantage and supports the adopted long-term business strategy.

Future Developments

The Company remains committed to sustaining its already proven dynamic growth trajectory through the continued implementation of its declared strategy and the execution of its announced development programme relating to its owned assets.

Alongside the possible future expansion of its asset base, the Company continues to focus on further enhancing operational efficiencies and optimising the utilisation of its already developed properties, in line with its long-term business strategy and financial objectives.

The Company's ongoing renovation and regeneration programme remains a key driver of value creation. Through this programme, the Company continues to convert historic properties within its Valletta-based portfolio into modernised, revenue-generating rental assets, while preserving their architectural and cultural heritage. These initiatives not only strengthen the Company's increasingly diversified operational platform but also support the sustainable revitalisation of Valletta's historic urban environment.

In parallel, the Company continues to actively build and maintain a proprietary pipeline of opportunities within the Valletta real estate market, which represents a strong foundation for future growth. The Company's acquisition strategy remains highly selective and opportunistic, with a particular focus including larger or landmark properties that offer substantial redevelopment and value creation potential.

Over time, the Company has developed significant expertise in identifying and unlocking complex ownership and development situations, particularly in historically sensitive urban environments. This capability represents a key competitive advantage and continues to serve as an important driver of the Company's future growth and value creation. The Company's proven track record enables it to acquire properties with complex ownership or structural characteristics at attractive terms that are typically not accessible through the open market.

Importantly, a number of identified opportunities within the Company's proprietary acquisition pipeline are not currently reflected in the valuation of the Company's existing asset portfolio (similarly to the properties on *promise of sale* status), yet they represent meaningful additional value potential once executed. The successful realisation of these opportunities is expected to contribute further to the expansion of the Company's asset base and revenue generation capacity.

Looking ahead, the Company expects further growth in both revenues and asset values through the progressive realisation of this proprietary pipeline, supported by the continued implementation of its acquisition, development and operational strategy. The timing and scale of these initiatives remain dependent on available investment resources, financing conditions and prevailing market dynamics.

Ongoing development projects within the Company's portfolio are currently valued on a project value basis, considering the current development status and not reflecting the anticipated value of the assets upon full completion. As regeneration works progress and projects reach completion, the Company expects to unlock significant additional property value. Based on current development plans and execution timelines, these projects are projected to deliver meaningful increases in property value over the medium to long term, in line with the specific project milestones and updates periodically communicated by the Company.

DIRECTORS' REPORT - continued

Future Developments - continued

Overall, the Company remains confident that the consistent execution of its strategy, together with its established presence in the Valletta market and its growing development pipeline, positions it well to continue delivering sustainable growth and long-term value creation for its stakeholders.

Financial Risk Management

The Company is exposed to a range of financial risks arising from its operations and financing activities, including, among others, market risk, credit risk and liquidity risk. The Company's risk management framework seeks to identify, monitor and manage these risks in order to minimise potential adverse effects on the Company's financial performance and financial position.

The Company's overall risk management approach focuses on the potential volatility and unpredictability of external market conditions and core operational and financial markets. Accordingly, management continuously monitors the developments in the economic and financial environment and implements appropriate measures aimed at mitigating the potential impact of such risks on the Company's operations.

The Company applies a variety of analytical tools and methods to assess the different types of financial risks to which it is exposed. These include, among others, sensitivity analysis, scenario and assumption modelling, and ageing analysis in relation to credit exposures. Such analyses assist management in evaluating potential risk exposures and in determining appropriate mitigation strategies.

Responsibility for the implementation of the Company's risk management framework rests with executive management, operating under policies and procedures approved by the Company. These policies provide guidance on the identification, assessment and monitoring of financial risks, while also establishing appropriate internal controls, risk management procedures and exposure limits.

Through this structured risk management approach, the Company aims to maintain prudent financial management and operational environment, while supporting the sustainable growth and further development of its operations.

Environmental, Social and Governance (ESG) responsibility and commitment

ESG Commitment and Approach

The Company recognises that sustainable and responsible business practices are fundamental to the long-term resilience, competitiveness and value creation of its operations. Environmental, Social and Governance ("ESG") considerations therefore form an integral part of the Company's strategic decision-making, operational management and corporate culture.

The Board of Directors, management team, employees and investors increasingly recognise the importance of embedding environmentally and socially responsible, ethical and sustainable practices across the Company's activities. In response, the Company has established a dedicated internal leadership structure responsible for overseeing ESG-related matters, ensuring that sustainability considerations are integrated into operational and strategic planning.

This leadership structure coordinates ESG initiatives across the Company's key business areas — development, real estate management and hospitality operations — while promoting awareness and engagement among employees, contractors, partners and other stakeholders. The Company aims to demonstrate a genuine commitment to responsible business conduct by continuously strengthening internal policies, improving operational processes where the Company has influence, and contributing to greater ESG awareness within its core market of operation.

DIRECTORS' REPORT - continued

Environmental, Social and Governance (ESG) responsibility and commitment - continued

ESG Commitment and Approach - continued

The Company's ESG strategy is guided by three principal objectives:

- Preserving environmental and architectural heritage, particularly within historic urban areas such as Valletta;
- Promoting responsible and inclusive workplace practices across its workforce and supply chain; and
- Maintaining strong corporate governance and regulatory compliance as a publicly listed company.

These objectives support the Company's broader mission of contributing to a sustainable economic and social ecosystem while ensuring the long-term sustainability and profitability of its operations.

During the reporting period, the Company continued to strengthen its awareness and assessment of ESG-related risks and opportunities, recognising their increasing importance in navigating an evolving regulatory environment and supporting long-term corporate success.

Environmental Responsibility

Environmental considerations are particularly relevant to the Company given the nature of its activities in property restoration, development, real estate management and hospitality operations, especially within historically sensitive urban environments.

The Company's environmental strategy is centred on the 3R methodology — Reduce, Reuse and Recycle — which guides the design, development and operational management of its properties.

The Company places strong emphasis on adaptive reuse of existing buildings, minimising environmental impact while preserving the architectural and cultural heritage of the properties under its management.

Sustainable Development Practices

Within the development phase, the Company focuses primarily on restoration and regeneration projects rather than greenfield construction. Key environmental initiatives include:

- Prioritising restoration and adaptive reuse of existing buildings, thereby avoiding greenfield development and avoiding additional land consumption;
- Limiting new construction materials use through the regeneration and strengthening of existing structural elements, including floor slabs and load-bearing structures;
- Reuse of traditional Maltese architectural materials, including historic cement tiles, limestone blocks and stone slabs (*xorok*) recovered from renovation works;
- Restoration and reuse of original wooden beams and structural timber elements found within historical properties;
- Reduction of construction waste through the repurposing and integration of existing structural components wherever feasible;
- Storage and reuse of recovered materials, including limestone, *xorok* (traditional Maltese stone slabs), wooden apertures and traditional tiles, which are systematically catalogued and reused across the Company's projects.

These practices significantly reduce construction waste, lower the environmental footprint of development projects and contribute to the preservation of Malta's architectural heritage.

DIRECTORS' REPORT – continued

Environmental, Social and Governance (ESG) responsibility and commitment - continued

Sustainable Property and Hospitality Management

Environmental management continues throughout the operational lifecycle of the Company's properties. Key operational initiatives include:

- Reduction and gradual elimination of single-use plastics across hospitality operations through increasing introduction of refillable dispensers and reusable guest amenities, aiming to achieve total replacement of single use plastics;
- Furniture conservation and relocation programmes, allowing restored traditional furniture to be reused across the Company's portfolio;
- Creative repurposing of obsolete architectural elements, such as apertures and wooden frames, into artistic and decorative features;
- Installation of Room Management Systems (RMS) in newer developments, allowing automated control of lighting, heating and cooling systems;
- Implementation of energy management systems designed to optimise electricity consumption;
- Water conservation initiatives, including the installation of flow-control devices and water efficiency measures;
- Use of energy-efficient lighting systems and operational practices aimed at reducing unnecessary energy consumption.

These initiatives collectively support the Company's objective of reducing resource consumption and improving operational efficiency while maintaining high hospitality standards.

Social Responsibility

The Company recognises that its workforce, service providers and local communities are fundamental to the sustainable development of its business.

The Company therefore strives to maintain a working environment based on fairness, professional knowledge and skills, transparency and supporting ongoing professional development, while ensuring that workplace standards are consistently applied across both directly employed and outsourced personnel.

Key characteristics of the Company's workforce include:

- Representation of more than ten nationalities, including Maltese, EU and non-EU employees;
- An open and transparent recruitment process and management structure, with employment decisions based on merit and professional competence;
- Equal treatment across all employment levels regardless of nationality, status, background or employment arrangement.

The Company considers cultural diversity to be a valuable asset that enhances service quality, operational flexibility and innovation.

Workplace Culture and Employee Engagement

The Company actively promotes a corporate culture built on professional knowledge and ethics, skills, openness, fairness and mutual respect.

Key principles guiding workplace practices include:

- An open-door management policy encouraging transparent communication between employees and management;
- Equal opportunities for career development and professional advancement;

DIRECTORS' REPORT - continued

Environmental, Social and Governance (ESG) responsibility and commitment - continued

Workplace Culture and Employee Engagement - continued

- Ongoing training and professional development programmes, particularly in hospitality service standards, property management, health and safety practices and sustainability awareness;
- Maintenance of a safe and healthy working environment across construction, development and hospitality operations;
- Respectful integration of employees from different cultural backgrounds within a collaborative workplace environment.

The Company believes that maintaining a supportive and inclusive workplace contributes significantly to employee retention, service quality and long-term operational stability.

Community and Cultural Heritage

The Company's activities are closely connected to the preservation of Malta's architectural and cultural heritage, particularly within Valletta and surrounding historic areas.

Through its property restoration projects, the Company contributes to:

- The preservation of historically significant buildings;
- The revitalisation of historic urban environments;
- The sustainable development of tourism infrastructure in culturally sensitive areas.

These initiatives contribute positively to the wider community and support the long-term attractiveness of Malta's tourism sector and the promotion of the Maltese Heritage.

Governance

Strong corporate governance is fundamental to maintaining investor confidence, ensuring regulatory compliance and supporting the long-term sustainability of the Company.

As a publicly listed entity, the Company operates within a strict regulatory framework and adheres to recognised corporate governance principles and best practices.

The Company is regulated by the Malta Financial Services Authority (MFSA), which oversees financial markets and listed entities in Malta.

Corporate Governance Framework

The Company maintains a governance framework designed to ensure accountability, transparency and effective oversight. Key governance principles include:

- Clear organisational structures and defined decision-making responsibilities;
- Board-level oversight of strategic and operational matters;
- Internal policies and procedures designed to ensure compliance with regulatory requirements;
- Regular financial reporting and transparent communication with shareholders and investors.

The Company continuously seeks to strengthen its governance framework in line with evolving regulatory expectations and market practices.

DIRECTORS' REPORT - continued

Environmental, Social and Governance (ESG) responsibility and commitment - continued

Regulatory Compliance

The Company maintains strict compliance with applicable regulatory and legal requirements, including:

- The General Data Protection Regulation (GDPR), ensuring the protection and responsible handling of personal data;
- International standards relating to Anti-Money Laundering (AML) and counter-terrorist financing;
- Corporate governance rules applicable to listed entities.

Internal procedures are in place to ensure that all employees and business partners adhere to applicable laws, regulations and ethical standards.

Ethical Conduct and Political Neutrality

The Company maintains a strong commitment to ethical business conduct and responsible corporate behaviour. Key governance principles include:

- Transparent financial and operational reporting;
- Ethical conduct across all business activities;
- Compliance with applicable laws and regulatory standards;
- A strict policy of political neutrality, with the Company maintaining no political affiliations or engagements.

Planned Future Direction

The Company recognises that ESG considerations will continue to grow in importance for investors, regulators and stakeholders. Accordingly, the Company remains committed to strengthening its ESG practices, improving internal monitoring processes and enhancing transparency in its sustainability reporting.

By integrating ESG considerations into its long-term strategy, the Company aims to contribute to sustainable economic development, preserve Malta's architectural heritage and create lasting value for shareholders, employees and the communities in which it operates.

Outlook and Going Concern

The Directors are currently of the opinion that, despite potential short- to medium-term volatility in both global and local markets, the Company remains a going concern over the long term. Management expects the Company's financial performance to continue benefiting from its resilient portfolio of prime real estate assets in the historic city of Valletta, which provides strong positions for sustainable, long-term growth, continuing building on the same trend of the past years. The Company's development and growth trajectory is supported by its conservative business and financial strategy, alongside the ongoing execution of its declared development programme. The Directors anticipate that the core markets, industry dynamics, and general economic environment should remain stable over the medium to long term, despite the current global uncertainties, enabling the Company's financial performance to follow a consistent and positive trend.

Ongoing renovation and regeneration projects are progressing materially in line with expectations, effectively managing sector-specific challenges and interim delays. These projects are generally forecasted to conclude according to communicated schedules over the coming years, subject to successfully overcoming the challenges arising from the nature of the Company's core business – regeneration and renovation of historic assets in a World heritage environment - and the prevailing market risks and economic conditions remaining stable or improving.

DIRECTORS' REPORT - continued**Outlook and Going Concern - continued**

The Company's conservative leverage, low indebtedness, and structured long-term development financing provide strong resilience against internal and external industry or financial pressures. Current inflationary and interest rate trends disproportionately impact companies with weaker balance sheets and less robust asset bases, positioning the Company advantageously in comparison.

The prevailing economic and market conditions may also present new opportunities, which the Company intends to pursue to enhance its core offerings, while maintaining a clear strategic focus.

Based on the current known market environment and anticipated business developments, the Directors are confident that the Company will continue to operate as a going concern.

Principal Risks and Uncertainties

The key risk factors the Company is facing, have been categorised under five main categories, according to whether the risk factors relate to:

- (i.) risks relating to the acquisition and disposal of immovable property;
- (ii.) risks relating to construction and development of immovable property;
- (iii.) risks relating to management and operation of immovable property;
- (iv.) risks related to the change of interest rates and the conditions of financing deriving from the overall global economy, local financial market, global and European inflationary environment and Euro-based interest rates; and
- (v.) risks relating to the general business and operations of the Company, including global political and economic instability, cyber threats, geopolitical or supply chain risks. This category of risk factors is intended to encapsulate those risk factors that concern the day-to-day operations and activities of the Company, regardless of the line of operations concerned and are, therefore, considered to apply equally to each of the individual business lines referred to in categories (i) to (iv).

In addition, the Board of Directors considers that in view of the concentration of the Company's immovable properties in Valletta, it is appropriate to identify those specific risks that are attributable to, or associated with, the market for immovable property situated in Valletta, taking into account the unique characteristics of the Valletta market, its historic and political/administrative background. Those risks relating specifically to the Valletta immovable property market that are identifiable at the date hereof have been included within the main categories referred to above respectively.

If any of the risks described were to materialise and could not be mitigated under reasonable terms, they could have a serious effect on the Company's financial results, financial condition, operational performance, business and/or trading prospects. The risks and uncertainties discussed above are those identified as such by the Board of Directors as at the date of this Report, but these risks and uncertainties may not be the only ones that the Company faces or could face. Additional risks and uncertainties, including any which the Board of Directors are not currently aware of, or that the Board of Directors currently deem immaterial or remote, individually or cumulatively, may well result in a material impact on the financial results, financial condition, operational performance, and/or trading and development activities of the Company.

VBL Plc

Annual Financial Report and Financial Statements - 31 December 2025

DIRECTORS' REPORT - continued

Shareholding Structure of the Company Pursuant to Capital Markets Rule 5.64

The issued share capital of the Company as at the date of this report is 249,179,183 ordinary shares with a nominal value of €0.20 per share. All shares are listed on the Malta Stock Exchange and hold the same rights.

The Company's shareholders holding 5% or more in direct or indirect shareholding are:

Shareholder's Name	Number of Shares (owned directly)
VBLM Limited	46,000,010
Artur Haze	44,010,815
Geza Szephalmi	40,433,395
Andrei Imbroil	36,945,655
Sorbusenco Enterprises Limited	22,635,560
Petrolsped (Malta) Ltd	14,997,045
Julian Tzvetkov	12,005,245

VBLM Limited is a management company, which has entered into a Management Services Agreement with the Company, pursuant to which VBLM Limited provides the Company, and other entities falling within the Group, with, *inter alia*, senior executive and strategic management and other support services. There are no restrictions on the transfer of shares of the Company, nor other limitations on the holding of securities or the need to obtain the approval of the Company or other holders of securities.

Rules Governing the Amendment of the Memorandum and Articles of Association Pursuant to Capital Markets Rule 5.64.8

An amendment to the Memorandum and Articles of Association would require an extraordinary resolution, which must be passed by shareholders holding:

- Not less than seventy-five per cent (75%) in nominal value of the shares represented and entitled to vote at the meeting; and
- At least fifty-one per cent (51%) in nominal value of all the shares entitled to vote at the meeting.

If one of the above majorities is obtained but not both, another meeting must be convened within 30 days to take a fresh vote. At that second meeting, the resolution may be passed by shareholders holding not less than 75% in nominal value of the shares represented and entitled to vote. However, if more than half in nominal value of all shares having the right to vote is represented at that meeting, a simple majority of such shares represented shall suffice.

Powers of the Board Members Pursuant to Capital Markets Rule 5.64.9

The powers of the Directors are outlined in Article 49 of the Articles of Association of the Company.

Disclosure of Material Contracts Pursuant to Capital Markets Rule 5.70.1

The Company is party to a number of material value contracts, including contracts entered into in connection with the acquisition, rental or disposal of real estate assets, the renovation or development of real estate assets, and the subsequent lease and operating agreements in connection with real estate assets, which are considered contracts in the ordinary course of business. All of those contracts have been entered into in the ordinary course of the Company's business and are considered to be at arm's length and under the general business and ethical standards applied by peer companies, globally.

As at the date of this Report, the Board of Directors considers that the only material contract entered into outside the ordinary course of business of the Company is the Management Services Agreement with VBLM Limited, a structure in place since the establishment of the VBL Group, and details of which have been disclosed by the Company in various communications and also published in Section 4.3 of the Registration Document (Prospectus), dated 04 October 2024 and further detailed in the Directors' Remuneration Report section of this document.

DIRECTORS' REPORT - continued

Company Secretary and Registered Office of the Company Pursuant to Capital Markets Rule 5.70.2

Dr. Joseph Borg Bartolo and Dr. Mikiel Calleja
54, Marsamxett Road, Valletta VLT 1853 Malta

Statement of Responsibility Pursuant to Capital Markets Rule 5.68

The Directors declare that to the best of their knowledge, the financial statements included in the Annual Financial Report are prepared in accordance with the requirements of International Financial Reporting Standards as adopted by the European Union, as amended from time to time and these statements give in all material aspects a true and fair view of the assets, liabilities, financial position and results of the Company and that this report includes a fair review of the development and performance of the business and position of the Company, together with a description of the principal risks and uncertainties that it faces.

Indemnification of the Directors and Senior Management by the Annual General Meeting

In line with standard international practices and Article 148 of the Maltese Companies Act, and the relevant European and international corporate governance practices, since inception, the Company's Directors propose to the Annual General Meeting of the Company, a resolution on the indemnification of the Directors and Senior Management, related to the year of reporting, to indemnify the members of the Board of Directors and Senior Management of the Company from liabilities and expenses to which any such person(s) may become a party as a result of such individual's acts carried out for and on behalf of the Company, or any of its associated companies, subsidiaries or affiliates, limitedly in so far as such acts are carried out in the individual's capacity as a Director or Senior Manager, as applicable.

The purpose of such resolution, in line with the applicable Maltese laws and corporate governance standards, is to obtain shareholder approval in order to allow for an indemnity to be provided by the Company to the directors and senior management. Such indemnification, as per law, is excluding the cases of fraud, criminal act, gross negligence and alike. This, if proposed and consecutively approved by the Annual General Meeting of the Company would result in the said person/s being protected (within the limits of the applicable Maltese laws) for any liabilities and expenses that may arise as a result of their duties being exercised for and on behalf of the Company or associated companies, subsidiaries or affiliates.

Board of Directors

The Board of Directors of the Company currently consists of the following Directors:

Mr. Artur Haze, Non-Executive Director, Member of the Audit Committee
Mr. David Galea Souchet, Non-Executive Director, Chairman of the Audit Committee
Dr. Andrei Imbroli, Executive Director
Dr. Geza Szephalmi, Chairman and Executive Director
Mr. Julian Tzvetkov, Executive Director
Ms. Isabella Vella, Non-Executive Director, Member of the Audit Committee

Under the provisions of the Company's Memorandum and Articles of Association, the appointment of the Directors happens at the Company's General Meeting.

Auditors

A proposal will be submitted to the Annual General Meeting to re-appoint RSM Malta as Auditor to the Company for year 2026 and to set their remuneration for the period.

DIRECTORS' REPORT - continued**Statement of Directors' responsibilities for the financial statements**

The Maltese Companies Act (Cap. 386), requires the Directors to prepare financial statements for each financial year which give a true and fair view of the financial position of the Company as at the end of the financial year and of the profit or loss for that year.

In preparing the financial statements, the Directors are responsible for:

- adopting the going concern basis unless it is inappropriate to presume that the Company will continue in business as a going concern;
- selecting suitable accounting policies and applying them consistently;
- making judgements and accounting estimates that are reasonable and prudent;
- accounting for income and charges relating to the accounting period on accrual basis;
- valuing separately the components of asset and liability items;
- reporting comparative figures corresponding to those of the preceding accounting period; and
- preparing the financial statements in accordance with International Financial Reporting Standards (IFRS Accounting Standards) as adopted by the European Union (EU).

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 the Directors to ensure that the financial statements comply with the Maltese Companies Act (Cap. 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.

Additionally, the Directors are responsible for:

- the preparation and publication of the Annual Financial Report, including the financial statements and the relevant tagging requirements therein, as required by Capital Markets Rule 5.56A, in accordance with the requirements of the European Single Electronic Format Regulatory Technical Standard as specified in the Commission Delegated Regulation (EU) 2019/815 (the "ESEF RTS")
- designing, implementing and maintaining internal controls relevant to the preparation of the Annual Financial Report that is free from material non-compliance with the requirements of the ESEF RTS, whether due to fraud or error, and consequently, for ensuring the accurate transfer of the information in the Annual Financial Report into a single electronic format.

Signed on behalf of the Board of Directors on 29 April 2026 by Mr. Julian Tzvetkov (Director) and Dr. Andrei Imbroli (Director) as per the Directors' Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual Financial Report and Financial Statements.

REMUNERATION REPORT AND STATEMENT OF THE DIRECTORS

In line with the Capital Markets Rules (the “**Rules**”), as set out in Chapter 12 of the Rules, the Company is subject to draw up a **Remuneration Report** in line with the requirements as detailed in the Appendix 12.1 of Chapter 12, providing an overview of the remuneration to the directors of the Company.

The Company is also subject to the Code of Principles (the “**Code**”) forming part of the Capital Markets Rules, and in terms of the respective Rule (8A.4) the Company is to include a **Remuneration Statement** in its Annual Financial Report with the details of the remuneration policy of the Company and the remuneration of the Directors.

In terms of the effective Remuneration Policy of the Company (“**Remuneration Policy**”), and the principles presented in the Listing Prospectus, and in alignment and compliance with the relevant and applicable guidelines, the Board has reviewed the principles and the relevant guidelines and has concluded that based on the significance of the Company in terms of its size and that of its operations, clients, the structure of its internal organisation, and the nature, scope and complexity of the activities of the Company, this Policy does not require a separate Remuneration Committee to be set-up and the responsibilities attributed to overseeing the Remuneration Policy of the Company shall be performed by the Board of Directors. This Remuneration Policy is reviewed regularly or as required and any material amendments thereto shall be submitted to the General Meeting of the Company for adoption. In the reporting period, there were no changes to the Remuneration Policy.

Remuneration related to the Directors, in accordance with the Remuneration Policy

Directors’ Fees

The resolution by the Shareholders of the Company at the Annual General Meeting held on 31 July 2025, approving the aggregate total annual remuneration of the Board of Directors, set the directors’ fees for one year at a total of €72,000.

The directors’ fees are defined as a fixed annual amount and are reviewed and approved at the Annual General Meeting of the Company.

The total directors’ fees paid during the financial year 2025 to the Board of Directors was €79,000, reflecting the number of directors in office. According to the existing Remuneration Policy, the Directors are not entitled to variable fee or other remuneration or benefits related to their directors’ position within the Company or from any undertakings belonging to the same Company, meaning a parent undertaking and any subsidiary undertaking.

The Directors of the Company have not been granted any shares or shares options in the reporting period, as part of their remuneration.

After an assessment of the market conditions and the particularities of the Company, the Directors have concluded that the remuneration of the Board of Directors of the Company is considered to be in line with the size of its operations and general applicable industry standards, and the nature, scope and complexity of its activities and in compliance with the Remuneration Policy with no deviations from the procedure for the implementation of the Remuneration Policy.

The Remuneration Policy of the Company is unchanged since its introduction at the Company’s Annual General Meeting in 2022, and since there were no changes to remuneration structure of the directors. At the 2025 Annual General Meeting (“AGM”) of the Company, the aggregate gross total remuneration of the Board of Directors of the Company was set at €72,000 for one year. This reflects no change in the gross directors’ remuneration from the previous year, but is a reduction in total amount from the previous years, reflecting the actual number of directors in office.

REMUNERATION REPORT AND STATEMENT OF THE DIRECTORS - continued

Remuneration related to the Directors, in accordance with the Remuneration Policy - continued

Directors' Fees - continued

In accordance with Capital Markets Rules, Appendix 12.1 it is hereby disclosed that in the reporting period:

- No remuneration is received by the directors from any undertaking belonging to the same group (parent and subsidiary);
- No share options were granted or offered to directors and CEO or other executives of the Company;
- No variable remuneration is part of the directors' remuneration and there is no possibility to reclaim variable remuneration (if any);
- No deviations from the procedure for the implementation of the Remuneration Policy are relevant in the reporting period.

Executive Management and Services

Since its foundation, the Company has been managed by VBLM Ltd ("VBLM"), a dedicated management company. As declared before and presented by the Company, VBLM is also a significant shareholder of the Company and is itself owned, managed and controlled by the Executive Directors of the Company. Its core activity is the management of the Company.

The provision of management services by VBLM reflects the long-established structure in place since the Company's inception. This arrangement is formalised through a management services agreement ("Management Services Agreement"), entered into between VBLM and the Company. The nature of this relationship and the key terms of the Agreement are described in detail in the Listing Prospectus. Under the Agreement, VBLM provides executive, operational, and strategic management and support services to the Company and its subsidiaries.

The purpose of the Management Services Agreement is to ensure continuity of the Senior Executive Management team that has successfully led the Company's growth and development for over a decade. This team has been instrumental in establishing stable operations and achieving the Company's current financial performance and strategic market position. The Agreement aligns management's interests with those of the shareholders and the Company, while securing their continued commitment to delivering the Company's strategic objectives and growth plans.

The existing Management Services Agreement has been extended and is currently effective until 31 December 2027. Additional details on the Management Services Agreement were presented in the Company's prior communication, including the Prospectus dated 4th October 2024 (section 4.3. of the Registration Document)

The remuneration payable by the Company to VBLM under the Management Services Agreement is comprised of a combination of fixed and variable parts, consisting of a Retainer Fee (fixed annual fee, adjusted annually in line with the official inflation index published by the NSO), a Variable Fee (ranging from 50% to 100% of the Retainer Fee, and linked to achievement of pre-defined specific tasks, which is only payable following evaluation and approval by the non-executive Directors); and a Performance Fee (related to the achievement of the mid- and long-term value growth realised by the Company, as described in details in the Listing Prospectus). The terms of the Agreement, including the evaluation and approval of the Variable and Performance Fees, are monitored and overseen by the non-Executive Directors of the Company. An evaluation and assessment of the Variable and Performance Fee is carried out by the Company's Audit Committee and non-Executive Directors periodically and is the basis of establishing any variable fee payable under the Management Services Agreement. No Performance Fee has been achieved nor is payable for the past periods.

REMUNERATION REPORT AND STATEMENT OF THE DIRECTORS - continued

Executive Management and Services - continued

During 2025, the Retainer Fee due to VBLM for the executive, operational and strategic management and services provided to the Company was €453,753 (2024: €446,212), exclusive of VAT. At the end of the Management Services Contract term, a Variable Fee amounting to €272,252 equivalent to 60% of the fixed fee has been achieved by VBLM and inflation adjustment covering the year 2024. No Performance Fee has been achieved nor is payable for the period.

Other than the directors' fees and the management services fee, the Company does not provide any other pay, remuneration or alike to its Directors for their services. Any changes to the terms of the existing Management Services Agreement are subject to the vetting and approval of the Audit Committee and the non-Executive Directors of the Company.

The contents of this Remuneration Report have been checked by the Auditors of the Company.

Signed on behalf of the Board of Directors on 29 April 2026 by Mr. Julian Tzvetkov (Director) and Dr. Andrei Imbroll (Director) as per the Directors' Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual Financial Report and Financial Statements.

STATEMENT BY THE DIRECTORS ON COMPLIANCE WITH THE CODE OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

The Company is subject to the Code of Principles of Good Corporate Governance¹ (the “Code”) forming part of the Capital Markets Rules. Listed companies are required under the Capital Markets Rules issued by the Malta Financial Services Authority to include a Statement of Compliance with the Code in their Annual Financial Report, accompanied by a report of the independent auditors.

The Board of Directors of the Company (“BOD”, “Board” or “Directors”) restate their support for the Code and consider that they have taken such measures as are necessary in order for the Company to comply with the requirements of the Code to the extent that these were considered appropriate and complementary to the size, nature and operations of the Company.

Basic Principles, in Compliance with Code Provisions:

1. The managing body of the Company is an effective Board in terms of Code Provision 1, which is responsible for accountability, monitoring, strategy formulation and policy development as specified in Code Provision 4;
2. The Chairman of the Board does not also occupy the role of Chief Executive Officer, as envisaged in Code Provision 2;
3. The Board is composed of six Directors, including three (3) non-executives, of whom two (2) are independent in terms of Code Provision 3; thus retaining a healthy mix between executive and non-executives in the composition of the Board of Directors. In the reporting period, the Board is composed of six Directors, with three (3) non-executives, of whom two (2) are independent;
4. Members of the Board of Directors are all seasoned professionals, with significant local and international professional track record, including that of directors of other listed companies, and proven experience in applying the highest level of corporate governance standards and best management practices, obtained in running large public and private companies;
5. The Board of Directors meets regularly and all Directors are given ample opportunity to discuss the agenda and convey their opinions as specified in Code Provision 5;
6. The Company recognises the importance of professional development and seeks to ensure that there are adequate schemes in place for professional development of management and employees in accordance with Code Provision 6;
7. Of the members of the Board of Directors, the Audit Committee has been set up, consisting of three (3) members. This body has the task, inter alia, of managing conflicts of interest in terms of Code Provision 11. Conflicts of interest are also managed in terms of the Company’s Articles of Association and the Terms of Reference of the Audit Committee;
8. The Company has not appointed a Remuneration Committee. The Board believes that the size of the Company and the Board itself does not warrant the setting up of an ad hoc committee to establish the remuneration packages of individual directors, as all directors are remunerated equally for their directorship, and relies on the constant scrutiny of the Board itself, the Company’s shareholders, the nature and the size of the Company, as well as the market and the rules by which the Company is regulated as a listed company. The Board shall retain this matter under review over the coming years;
9. The Nomination Committee has been appointed by the Board of Directors with majority of non-executive directors, as members. The Nomination Committee is responsible to run a transparent nomination process for the election/re-election of any members, as required, and as detailed and specified in the Memorandum and Articles of Association.
10. The Company recognises the importance of its role in the corporate social, health and environmental responsibility arena and seeks to ensure that in its development projects and ongoing operations are respectful and it is committed to comply with the expected ESG principles and directions. The Directors are also aware of the importance of having good relations with stakeholders and strive to work together with them in order to invest in human capital, health and safety issues and to adopt sustainable and environmentally responsible practices, in line with Code Provision 12;

¹ <https://www.mfsa.mt/wp-content/uploads/2019/02/Code-of-Principles-of-Good-Corporate-Governance-for-Listed-Entities.pdf>

STATEMENT BY THE DIRECTORS ON COMPLIANCE WITH THE CODE OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE - continued**Basic Principles, in Compliance with Code Provisions: - continued**

11. Pursuant to the Company's statutory obligations, the annual financial report and financial statements, declaration of dividends, election of directors and appointment of auditors and authorisation of the directors to set the auditors' fees are proposed and approved at the Company's Annual General Meeting. The Board of Directors properly serves the legitimate interests of all shareholders and is accountable to all shareholders, particularly through the representation of the shareholders on the Board itself. This ensures compliance with Code Provision 9.

In the light of the factors mentioned above, the Board is of the view that the Company is in compliance with the Code.

Specific Corporate Governance Principles

The Company, its Directors, its Management and Employees believe that good corporate governance is a key element for sustainable business success and supporting the integrity and efficiency of the Company and its Subsidiaries, operations and long-term success. VBL plc is committed to establishing, maintaining and following strong corporate governance principles and best management practices in line with best local and international practices, as a basic requirement for delivering the Company's planned financial and business goals, achieving its expected business potential, and protecting the Company's investors, employees, partners, customers and reputation.

The Company's Directors are committed to ensure the openness and willingness to establish and follow the basic principles set by the best international practices in corporate governance, regularly disclose financial performance figures which are truthful and accurate, provide timely and accurate information about the Company's goals, activities and strategy to the investors and business partners. This is considered key in allowing the market to be able to assess and evaluate the various foreseeable or unpredicted risks and issues related to the implementation of the Company's business strategy. Among others, the Company has adopted and follows the basic principles of the Code, in order to establish strong business and governance ethics and apply those in its daily practice.

The five key specific principles adopted by the Company's governing bodies are:

- i. **Fairness** – Fair and ethical behaviour in all dealings is fundamental to the success of the Company's business. Today, the Company already has an established image and proven operational principles of which a fundamental part is to act and deal in a fair and correct manner. As a result, Company enjoys the trust and support of its partners, peers, customers and suppliers. The Company is committed to continue acting in accordance with the highest ethical and professional standards.
- ii. **Accountability** – The Board's and management's commitment to accountability refers to the obligation and responsibility of Company to always act responsibly and be able to give clear explanations or rationale for the Company's actions and conduct.
- iii. **Responsibility** – The Board of Directors and management are given authority, as defined in the Articles and relevant regulations, to act on behalf of the Company, therefore they accept full responsibility for the powers that they are given and the authority that they exercise.
- iv. **Transparency** – This is a key principle of responsible behaviour and good governance expected by a number of stakeholders, particularly the shareholders. The Board of Directors and Management ensure that the various bodies or structures of Company operate and act in a transparent and accountable manner, provide timely and accurate reporting, and address in an open and transparent manner any issues or matters which are faced by the Company.
- v. **Corporate, Environmental Social Responsibility** – In addition to the above four basic corporate governance principles, the Board of Directors and Management seek to adopt and follow the increasingly important principles of the corporate, environmental social responsibility in the day-to-day management practices at the Company.

STATEMENT BY THE DIRECTORS ON COMPLIANCE WITH THE CODE OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE - continued**General Meetings**

A General Meeting is conducted in conformity with the Articles of Association of the Company.

The Ordinary Business conducted at the Annual General Meeting consists of receiving or adoption of the Annual Financial Statements, the Declaration of a Dividend, the Appointment and Remuneration of Directors, the Appointment of the External Auditors, as well as the Authority to the Board to fix the external Auditors' emoluments.

All shareholders on the shareholders register on the record date as defined in the Capital Markets Rules, have the right to attend, participate and vote at the General Meeting.

A member or members holding not less than five per cent (5%) of the voting issued share capital of the Company may:

- a. request the Company to include items on the agenda of the General Meeting provided that each item is accompanied by a justification or a draft resolution to be adopted at the General Meeting; and
- b. table draft resolution for items included in the agenda of a General Meeting. Such requests are to be received by the Company at least forty-six (46) days before the date set for the relative General Meeting.

Every person entered into the register of members shall be entitled to appoint only one (1) person to act as proxy holder to attend and vote at a General Meeting instead of him. The proxy holder shall enjoy the same rights to speak and ask questions in the General Meeting as those to which the member thus represented would be entitled.

Administrative, Management and Supervisory Bodies and Senior Management**The Board**

The Company is managed by the Board of Directors consisting of not less than 4 (four) and not more than 8 (eight) Directors. Since the last Annual General Meeting, there have been six Directors, of which three are non-executive, all of whom are entrusted with the overall direction, administration and management of the Company.

Each Director declares that he/she undertakes to:

- maintain in all circumstances his/her independence of analysis, decision and action;
- not to seek or accept any unreasonable advantages that could be considered as compromising his/her independence; and
- clearly express his/her opposition in the event that he/she finds that a decision of the Board may harm the Company.

As of 31st December 2025, the Board of Directors of the Company consists of the following persons:

Name	Designation
Dr. Geza Szephalmi	Chairman and Executive Director
Dr. Andrei Imbroli	Chief Executive Officer and Executive Director
Julian Tzvetkov	Chief Financial Officer and Executive Director
Artur Haze	Non-executive Director, member of the Audit Committee
David Galea Souchet	Independent, Non-executive Director, Chairman of the Audit Committee
Isabella Vella	Independent, Non-executive Director and member of the Audit Committee

Note that Mr. John Attard served as independent, non-executive director and member of the Audit Committee until 31st July 2025.

As of 31 December 2025, the Company Secretaries appointed are Dr. Joseph Borg Bartolo and Dr. Mikiel Calleja.

STATEMENT BY THE DIRECTORS ON COMPLIANCE WITH THE CODE OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE - continued**Internal Control and Risk Management Systems**

The Board of Directors is ultimately responsible for the Company's system of internal management controls and for reviewing its effectiveness. The Directors recognise that such systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable, and not absolute, assurance against material misstatement or loss.

During the financial year under review, the Company maintained a system of internal management controls aimed at safeguarding assets, ensuring the reliability of financial reporting, and promoting compliance with applicable laws and regulations. These controls encompass financial, operational, and compliance processes, supported by established policies and procedures. The Board, through regular reporting and oversight, monitors the effectiveness of these controls and ensures that appropriate measures are in place to address identified risks.

Management is responsible for the day-to-day management of risks, while the Board retains overall oversight to ensure that risks are managed within acceptable parameters.

The Audit Committee, appointed by the Board, reviews the effectiveness of the internal control systems and provides independent assurance to the Board on matters relating to financial reporting and risk management. It also monitors the integrity of the financial statements and any related disclosures issued by the Company.

Board meetings

During year 2025, there have been 6 board meetings held and several decision makings in writing. At the Annual General Meeting of the Company, six previous directors have been re-elected and continued in office as members of the Board of Directors.

The number of Board meetings attended by Directors for the year under review is as follows:

Members	Attended
Andrei Imbroli	6
Artur Haze	6
David Galea Souchet	6
Geza Szephalmi	6
Isabella Vella	6
Julian Tzvetkov	5
John Attard	3

Information and professional development

The Company ensures that it provides its Directors with the necessary detailed and relevant information to enable them effectively contribute to board decisions. The Company is committed to provide any additional analysis, data, adequate and detailed information to its Directors, as that might be required to allow for efficient and relevant discussions prior to decision making. The Company pledges to make available to the Directors all information as required.

Appointment and Removal of Directors

The Directors of the Company are appointed at the General Meeting, by the Shareholders in accordance with the provisions of the Articles of Association of the Company. The procedure for the appointment of Directors shall be as detailed and described in the Articles.

STATEMENT BY THE DIRECTORS ON COMPLIANCE WITH THE CODE OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE - continued**Appointment and Removal of Directors - continued**

The Company shall grant a period of at least 14 days to Shareholders holding in aggregate 10% or more of the Shares to nominate one candidate for appointment as Director for every 10% held as aforesaid. All such nominations, including the candidate's acceptance to be nominated as Director, shall on pain of disqualification be made on the form to be prescribed by the Directors from time to time and shall reach the Company not later than 14 days after delivery of the said notice.

Whenever in terms of the Articles, an election is necessary amongst candidates nominated for appointment as Directors, such election shall be conducted in the manner prescribed by the Articles or in such manner as close as practicably possible thereto as the Directors may consider equitable in the circumstances.

Any Director may be removed at any time by the Company in General Meeting pursuant to the provisions of Article 140 of the Act. Without prejudice to the provisions of the Act, the office of a Director shall ipso facto be vacated:

- if, by notice in writing to the Company, he/she resigns from the office of Director; or
- if he/she violates in a proven way the declaration of secrecy required of him/her under the Articles and the Board of Directors pass a resolution that he/she has so violated the declaration of secrecy; or
- if he/she is prohibited by or under any law from being a Director; or
- if he/she is removed from office pursuant to the Articles or the Act.

A retiring Director shall be eligible for re-election or re-appointment.

Powers of Directors

The Directors are empowered to act on behalf of the Company in accordance with the Memorandum and Articles of Association, which powers may be widened or restricted from time to time by the Shareholders in a General Meeting.

The general administration and management of the Company is entrusted with the Board of Directors, who are empowered and authorised to delegate any of its functions relating to the Company to members of the Company's management. The executive directors of the Company are entrusted with the executive management functions, including the management of the day-to-day operations, as defined in the Articles and described below.

Any one or more members of the Board of Directors may also occupy the position of Chief Executive Officer of the Company and may also occupy the position of members of the board of directors of subsidiaries or affiliate companies of the Company from time to time.

Evaluation of the Board's Performance

According to the statutes of the Company and the relevant regulations, the Board regularly undertakes an annual evaluation of its performance and of its committees. The performance evaluation of each Board member shall be done by the Board of Directors, excluding the Board member being evaluated. The Chairman takes action on the result of the performance evaluation process in order to ascertain the strengths and to address the weaknesses, and reports to the Board and where appropriate to the Annual General Meeting of the Company.

Remuneration of Directors

The remuneration of the Directors in any one financial year, and any changes thereto, is determined by the General Meeting of the Company.

For the current reporting year under review, the Directors are each entitled to a gross annual remuneration of €12,000, following the decision of the Annual General Meeting, held on 31st July 2025.

STATEMENT BY THE DIRECTORS ON COMPLIANCE WITH THE CODE OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE - continued**Executive Directors**

The Company currently has three Executive Directors, which are organised and operate under the regulations of the Company's Memorandum and Articles of Association and are members of the Executive Committee ("EC") of the Company, represented by the Chairman. Any two of the three Executive Directors acting jointly together have representation and execution rights on behalf of the Company to the extent permitted and as defined by the Memorandum of Association of the Company. In this respect, and in line with the good governance standards and internal control procedures implemented by the Company, the Memorandum of Association ties the legal representation and the signatory rights of the Company to predefined monetary threshold, with enhanced safeguards applicable to transactions of higher monetary value. The Company applies a dual signatory policy as determined in the Articles of the Company and other relevant Company regulations.

Any one Executive Director of the Company shall represent the Company in judicial proceedings, as defined in the Articles, provided that no proceedings may be instituted by the Company without the approval of the Board of Directors of the Company. The Executive Directors are also members of the Executive Committee of the Company.

Chief Executive Officer

In terms of Article 65 of the Articles of Association, the Directors may from time to time appoint any person to the office of Chief Executive Officer (CEO) of the Company for such period and on such terms as they deem fit.

The Directors may entrust to and confer upon a CEO any of the powers exercisable by them upon such terms and conditions and with such restrictions as they may deem fit and may from time to time revoke, withdraw, alter or vary all or any of such powers.

Currently, the Executive Directors, among which the CEO was nominated, are nominated and provided under the Management Services Agreement with VBLM, which is a continuous arrangement dating back to the establishment of the Company and the details of which have been explained in the various company communications, including the Prospectus dated 4th October 2024.

The CEO is responsible for the Company's operative management and direction in accordance with the Articles, and the directions of the Executive Committee, the resolutions of the Board of Directors and the resolutions adopted by the General Meeting. The CEO has the responsibility to decide on the Company's organisational structure and relevant internal rules and regulations according to the Articles of the Company.

Declaration

None of the Directors, members of the board committees or members of management, have, in the last five years:

- been the subject of any convictions in relation to fraudulent offences;
- been associated in any form with bankruptcies, receiverships or liquidations (other than voluntary) or companies put into administration in respect of entities in respect of which they were members of administrative, management or supervisory bodies, partners with unlimited liability (in the case of a limited partnership with a share capital), founders or members of senior management;
- been the subject of any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies);
- been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company.

Board Practices

The Directors have constituted the following committees, the terms of reference of which are determined by the Board from time to time with the purpose of fulfilling the below mentioned purposes:

STATEMENT BY THE DIRECTORS ON COMPLIANCE WITH THE CODE OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE - continued**Audit Committee**

The primary objective of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities over the financial reporting processes, the audit process, financial policies and internal control structure, also overview the Company's system of internal controls and compliance with laws and regulations, as well as to ensure compliance with the relevant regulations of the Capital Markets Rules. The Audit Committee of the Company is elected among the Board members, as defined in the Articles and relevant regulations. The Audit Committee oversees the conduct of the annual audit process, and acts to facilitate communication between the Board, the Management and the Company's appointed auditors.

As at the date of this Report, the Audit Committee is composed of three members – Mr. David Galea Souchet (Chairman), Ms. Isabella Vella and Mr. Artur Haze. Mr. David Galea Souchet and Mr. Artur Haze are the Audit Committee members who are considered by the Board of Directors to be competent in accounting and/or auditing in terms of the Capital Markets Rules. The Audit Committee is responsible for reviewing the financial reporting processes and policies, the system of internal control, management of financial risk, audit process, any transactions with related parties and the Company's process for monitoring compliance with laws and regulations.

When the Audit Committee's monitoring and review activities reveal cause for concern or scope for improvement, it shall make recommendations to the Board on the action needed to address the issue or make improvements.

The Audit Committee has the task to ensure that any potential conflicts of interest are resolved in the best interests of the Company. Its primary objective is to assist the Board in dealing with issues of risk, control and governance and in reviewing the Company's reporting processes, financial policies and internal control structure.

The Audit Committee's main role and responsibilities are:

- a. to review procedures and assess the effectiveness of the internal control systems, including financial reporting;
 - b. to assist the Board in monitoring the integrity of the financial statements, the internal control structures, the financial reporting processes and financial policies of the Company;
 - c. to make recommendations to the Board in relation to the appointment of the external auditor and to approve the remuneration and terms of engagement of the external auditor following appointment by the shareholders in general meeting;
 - d. to monitor and review the external audit functions, including the external auditor's independence, objectivity and effectiveness;
 - e. to monitor and review the internal procedures and to monitor these on a regular basis;
 - f. to establish and maintain access between the internal and external auditors of the Company and to ensure that this is open and constructive;
 - g. to review and challenge where necessary, the actions and judgements of management, in relation to the interim (if applicable) and annual financial statements before submission to the Board, focusing particularly on:
 - i. critical accounting policies and practices and any changes in them;
 - ii. decisions requiring a major element of judgement;
 - iii. the extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed;
 - iv. the clarity of disclosures and compliance with International Financial Reporting Standards;
 - v. significant adjustments resulting from the audit;
 - vi. compliance with stock exchange (as applicable) and other legal requirements; and
 - vii. reviewing the Company's statement on Corporate Governance prior to endorsement by the Board;
 - h. to gain an understanding of whether significant internal control recommendations made by internal and external auditors have been implemented by management;
 - i. to establish and exercise oversight upon the internal audit function of the Company, and to review its plans, activities, staffing and organisational structure;
 - j. to monitor the statutory audit of the annual and consolidated accounts;
 - k. to discuss Company policies with respect to risk assessment and risk management, review contingent liabilities and risks that may be material to the Company; and
-

STATEMENT BY THE DIRECTORS ON COMPLIANCE WITH THE CODE OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE - continued**Audit Committee - continued**

- i. to consider other matters that are within the general scope of the Committee that are referred to it by the Board of Directors.

During 2025, the Audit Committee met 5 times in person or via video conference, out of which during 2 meetings the Company's appointed auditors were present and attended the meetings.

The number of Audit Committee meetings attended by Members for the year under review is as follows:

Members	Attended
Artur Haze	5
David Galea Souchet	5
Isabella Vella	5
John Attard	3

Nomination Committee

The Board of Directors has formed a nomination committee, which was functional in the reporting period. The forming and operation of the Nomination Committee was in compliance with the principle of the Code. The proposals of the nomination committee were put forward for decisions of the Board of Directors and presented to the shareholders, accordingly.

Executive Management Committee (EMC)

The Executive Management Committee is the main operational body of the Company, ensuring smooth and efficient day-to-day operations and management control, in line with the strategic operational decisions of the Board. The EMC consists of the Executive Directors, senior management including the CEO, CFO and COO and any other managers of the Company as might be appointed to the EMC, from time to time.

The EMC is represented at the Board of Directors by the Chief Executive Officer. Within the EMC, there is a clear division of tasks and responsibilities between the EMC members, covering all areas of the operational responsibility for the day-to-day operations and the running of the Company's business. The EMC ensures that no one individual or small Company of individuals has an unlimited power of decision in day-to-day operations.

Relations with Shareholders and with the Market

The Company remains firmly committed to fostering a transparent, open and constructive relationship with its shareholders, investors and the wider market. The Board recognises that clear, timely and accessible communication is fundamental to maintaining investor confidence and ensuring that shareholders are adequately informed about the Company's strategy, performance and governance.

In addition to complying with all statutory and regulatory requirements governing shareholder communications, including the convening of the Annual General Meeting ("AGM"), the publication of the Annual Report and the periodic Financial Statements, and the issuance of adequate official company announcements, the Company actively seeks to enhance the quality and accessibility of information provided to shareholders and other stakeholders.

The AGM remains an important forum through which shareholders are able to engage directly with the Board and senior management. It provides shareholders with the opportunity to receive direct updates on the Company's performance and strategic direction, as well as to raise questions and express their views. The Company encourages shareholder participation at the AGM and values the constructive dialogue that this interaction facilitates.

STATEMENT BY THE DIRECTORS ON COMPLIANCE WITH THE CODE OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE - continued**Relations with Shareholders and with the Market - continued**

Beyond the AGM, the Company endeavours to maintain ongoing communication with its shareholders through a variety of channels. The Company's website serves as a central information platform where shareholders and market participants can access key corporate information, financial reports, relevant news, regulatory announcements and other relevant updates. The website is updated as required to ensure that investors have timely access to accurate and comprehensive information regarding the Company's activities and performance.

As part of its commitment to strengthening engagement with its investor base, the Company has also introduced a **Shareholders' Loyalty Programme ("SLP")**. This initiative is designed to recognise and reward the continued support of shareholders while fostering a closer relationship between the Company and its investor community. The programme is regularly reviewed and updated, with communications issued to shareholders to ensure they remain informed of available benefits and developments. During the period under review, the Company continued its initiative to widen and expand the Shareholders' Loyalty Programme, with the objective of enhancing its structure and broadening the range of benefits available to participating shareholders.

In line with its status as a publicly listed company and in compliance with the applicable regulatory framework, the Company ensures that all financial reports, company announcements and other disclosures required under the Capital Markets Rules are issued in a timely and transparent manner. These announcements are published through the Malta Stock Exchange and are simultaneously made available on the Investors' section of the Company's website, ensuring equal and immediate access to information for all market participants.

Conflict of Interest

The Board of Directors remains fully aware of its responsibilities in relation to the proper management and disclosure of conflicts of interest, particularly in relation to dealings in the securities of the Company. The Directors and other persons discharging managerial responsibilities are required to comply with the applicable provisions of the Capital Markets Rules governing transactions in the Company's securities and the related disclosure obligations.

The Company has established appropriate procedures to ensure that any dealings in the Company's securities by Directors or other relevant persons are carried out in accordance with the applicable regulatory framework and are duly disclosed when required.

Furthermore, transactions with related parties are conducted in accordance with the relevant regulatory requirements and governance standards. Such transactions are appropriately reviewed and disclosed in line with the applicable rules, and detailed information regarding related party transactions is provided in the relevant section of the Annual Financial Statements included in this Annual Financial Report. In addition to prior information disclosed, specific section detailing the Management Services Agreement arrangements is dedicated in Company's Annual Financial Report, to ensure transparency of the relationship of the parties and their duties and responsibilities, presenting that though this agreement executive management's interests are fully aligned with those of the Shareholders and the Company.

Through these measures, the Board seeks to ensure that the Company maintains high standards of transparency, accountability and integrity in its dealings with shareholders and the market.

Signed on behalf of the Board of Directors on 29 April 2026 by Mr. Julian Tzvetkov (Director) and Dr. Andrei Imbroll (Director) as per the Directors' Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual Financial Report and Financial Statements.

VBL Plc
Annual Financial Report and Financial Statements - 31 December 2025

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December

	Notes	2025 €	2024 €
Revenue	3	1,712,241	1,355,935
Investment income	4	1,423,803	2,520,977
Cost of sales	5	(17,923)	(25,497)
Gross profit		3,118,121	3,851,415
Other operating income	6	354,475	355,348
Administrative expenses	5	(610,661)	(669,150)
Earnings before interest, tax, depreciation and amortisation		2,861,935	3,537,613
Depreciation and amortisation	5	(404,236)	(343,425)
Operating income		2,457,699	3,194,188
Interest income	7	116,647	17,677
Finance costs	8	(789,503)	(311,031)
Gain on disposal of financial assets		49,348	-
Profit before income tax		1,834,191	2,900,834
Income tax expense	9	(278,394)	(448,054)
Profit for the year		1,555,797	2,452,780
Other comprehensive loss:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Revaluation of financial assets at FVOCI, net of tax	14	48,797	(8,818)
Total comprehensive income for the year		1,507,000	2,443,962
Earnings per share	25	0.0062	0.0098

The notes on pages 32 to 57 are an integral part of these financial statements.

VBL Plc
Annual Financial Report and Financial Statements - 31 December 2025

STATEMENT OF FINANCIAL POSITION
As at 31 December

	Notes	2025 €	2024 €
ASSETS			
Non-current assets			
Intangible assets	10	10,000	53,201
Property, plant and equipment	11	677,501	724,415
Investment properties	12	86,875,000	82,759,370
Investment in subsidiaries	13	11,200	11,200
Financial assets at fair value through other comprehensive income	14	-	3,898,107
Deferred tax assets	16	172,768	177,382
		87,746,469	87,623,675
Current assets			
Financial assets at fair value through other comprehensive income	14	6,044,344	5,207,067
Current tax receivable		-	3,402
Loans receivable	15	132,478	126,228
Trade and other receivables	17	753,198	370,918
Cash and cash equivalents	18	748,372	851,175
		7,678,392	6,558,790
TOTAL ASSETS		95,424,861	94,182,465
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	19	49,835,837	49,835,837
Share premium	19	1,085,638	1,085,638
Other reserves	19	324,372	298,327
General reserves	19	1,218	1,218
Retained earnings	19	17,809,450	16,427,652
TOTAL EQUITY		69,056,515	67,648,672
Non-current liabilities			
Borrowings	20	18,586,299	18,545,962
Lease liabilities	21	1,000,798	1,015,958
Deferred tax liability	22	4,978,331	4,841,895
Trade and other payables	23	122,030	122,729
		24,687,458	24,526,544
Current liabilities			
Income tax payable		124,023	2,384
Borrowings	20	871,850	590,709
Lease liabilities	21	20,412	17,929
Trade and other payables	23	664,603	1,396,227
		1,680,888	2,007,249
TOTAL LIABILITIES		26,368,346	26,533,793
TOTAL EQUITY AND LIABILITIES		95,424,861	94,182,465

The notes on pages 32 to 57 are an integral part of these financial statements.

Signed on behalf of the Board of Directors on 29 April 2026 by Mr. Julian Tzvetkov (Director) and Dr. Andrei Imbroll (Director) as per the Directors' Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual Financial Report and Financial Statements.

VBL Plc
Annual Financial Report and Financial Statements - 31 December 2025

STATEMENT OF CHANGES IN EQUITY

	Share capital €	Share premium €	Other reserves €	General reserves €	Retained earnings €	Total €
Balance at 1 January 2024	49,835,837	1,085,638	329,895	1,218	14,139,871	65,392,459
Total comprehensive income						
- Profit for the year	-	-	-	-	2,452,780	2,452,780
Other comprehensive income						
<i>Items that will be reclassified subsequently to profit or loss</i>						
- Revaluation of financial assets at FVOCI	-	-	(8,818)	-	-	(8,818)
Transactions with owners in their capacity as owners						
- Dividends declared during the period (Note 19)	-	-	-	-	(200,000)	(200,000)
Transfer from revaluation reserve to retained earnings, net of deferred tax						
	-	-	(22,750)	-	35,001	12,251
Balance at 31 December 2024	49,835,837	1,085,638	298,327	1,218	16,427,652	67,648,672
Balance at 1 January 2025	49,835,837	1,085,638	298,327	1,218	16,427,652	67,648,672
Comprehensive income						
- Profit for the year	-	-	-	-	1,555,797	1,555,797
Other comprehensive income						
<i>Items that will be reclassified subsequently to profit or loss</i>						
- Revaluation of financial assets at FVOCI	-	-	48,797	-	-	48,797
Transactions with owners in their capacity as owners						
- Dividends declared during the period (Note 19)	-	-	-	-	(209,000)	(209,000)
Transfer from revaluation reserve to retained earnings, net of deferred tax						
	-	-	(22,752)	-	35,001	12,249
Balance at 31 December 2025	49,835,837	1,085,638	324,372	1,218	17,809,450	69,056,515

The notes on pages 32 to 57 are an integral part of these financial statements.

VBL Plc
Annual Financial Report and Financial Statements - 31 December 2025

STATEMENT OF CASH FLOWS
for the year ended 31 December

	Notes	2025 €	2024 €
Cash flows from operating activities			
Profit before tax		1,834,191	2,900,834
Depreciation and amortisation	5	404,236	343,425
Amortisation of bond issuance costs		35,457	6,008
Investment income	4	(1,423,803)	(2,520,977)
Interest income	7	(116,647)	(17,677)
Interest expense	8	789,503	311,031
Cash flows generated before working capital changes		1,522,937	1,022,644
Increase in trade and other receivables		(268,481)	(207,292)
(Decrease)/increase in trade and other payables		(1,353,625)	551,102
Withholding taxes paid		(1,070)	(650)
Net cash flows (used in)/generated from operating activities		(100,239)	1,365,804
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(19,227)	(4,511)
Acquisition of investment properties		(2,669,493)	(2,332,376)
Purchase of financial assets at FVOCI	14	(2,096,027)	(9,113,992)
Redemptions of financial assets at FVOCI		5,205,654	-
Net cash flows generated from/(used in) investing activities		420,907	(11,450,879)
Cash flows from financing activities			
Net proceeds from bond issuance		-	9,640,997
Interest paid on borrowings		(449,657)	(412,855)
Dividends paid	19	(189,885)	(199,845)
Movement in borrowings	20	286,023	1,165,986
Payments of leases	21	(69,952)	(49,096)
Net cash flows (used in)/generated from financing activities		(423,471)	10,145,187
Net (decrease)/increase in cash and cash equivalents		(102,803)	60,112
Cash and cash equivalents at beginning of year		851,175	791,063
Cash and cash equivalents at end of year	18	748,372	851,175

The notes on pages 32 to 57 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies that are material to the financial statements are set out below. The accounting policies have been applied consistently to all periods presented in these financial statements.

Basis of preparation

These financial statements are prepared under the historical cost convention, except for revaluation of investment properties and financial assets at FVOCI that are measured at fair value at end of each reporting period. These financial statements are prepared in accordance with the provisions of the Maltese Companies Act (Cap. 386), and with the requirements of International Financial Reporting Standards ("IFRS Accounting Standards") as adopted by the European Union ('EU').

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2 to these financial statements.

These financial statements present information about the Company as an individual undertaking. Separate consolidated financial statements have been prepared by the Company.

Functional and presentation currency

The financial statements are presented in Euro (€) which is the Company's functional and presentation currency.

New or amended standards, interpretations and amendments adopted

The Company adopted all new or amended accounting standards and interpretations issued by the International Accounting Standards Board ('IASB') and the IFRS Interpretations Committee and endorsed by the EU that are mandatory for the current reporting period. The adoption of these amendments to the requirements of IFRS Accounting Standards as adopted by the EU did not result in substantial changes to the Company's accounting policies impacting the Company's financial performance and position.

New or amended standards, interpretations and amendments issued but not yet effective

At the end of the reporting period, certain new standards, interpretations or amendments thereto, were in issue and endorsed by the EU, but not yet effective for the current financial period. There have been no instances of early adoption of standards, interpretations or amendments ahead of their effective date. The directors anticipate that the adoption of the new standards, interpretations or amendments thereto, will not have a material impact on the financial statements upon initial application, except for the effects of IFRS 18 on the presentation and disclosure of certain items.

IFRS 18 Presentation and Disclosure in Financial Statements will become effective for annual reporting periods beginning on or after 1 January 2027. Even though IFRS 18 will not have any effect on the recognition and measurement of items in the financial statements, it is expected to have an effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures. The Directors are assessing the effect of IFRS 18.

NOTES TO THE FINANCIAL STATEMENTS - continued

1. MATERIAL ACCOUNTING POLICY INFORMATION - continued

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the value of goods sold and services provided, net of sales rebates and taxes in the normal course of business, net of value added tax and discounts where applicable. Revenue from contracts with customers – paid as service fee income, revenues from construction or other similar services – is assessed by the nature of the specific contribution and evaluated based on the underlying business and accounting factors and recognised under the principles of IFRS 15.

Revenue is recognised to the extent that it is probable that future economic benefits will flow to the Company and these can be measured reliably. The following specific recognition criteria must also be met before revenue is recognised:

Sale of investment property

Sale of investment property is recognised when the significant risks and rewards of ownership of the property being sold are effectively transferred to the buyer. This is generally considered to occur at the later of the contract of sale and the date when all the Company's obligations relating to the property are completed and the possession of the property can be transferred in the manner stipulated by the contract of sale.

Rental income

Rental income from investment properties is recognised in profit or loss on a straight-line basis over the term of the lease.

Rental revenue share - VREM

Rental revenue share from VREM is recognised at a point in time on completion of the service.

Service fee income

Revenue from a contract to provide services is recognised over time as the services are rendered based on the amount that depicts the progress towards complete satisfaction of the performance obligation.

Tax

Income tax on profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets and liabilities that affect neither accounting nor taxable profits, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the end of the reporting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

NOTES TO THE FINANCIAL STATEMENTS - continued

1. MATERIAL ACCOUNTING POLICY INFORMATION - continued

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses to date. Cost includes expenditure directly attributable to the acquisition of the items as well as transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Depreciation is provided on all items of property, plant and equipment, except freehold land and assets under construction, at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Building improvements	2% Straight Line
Office equipment	20% Straight Line
Furniture and fixtures	20% Straight Line
Other assets	20% Straight Line

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. The residual values and useful lives of the assets are reviewed and adjusted as appropriate, at each balance sheet date. The carrying amount of an asset is written down immediately to its recoverable amount.

Subsequent costs are included in the carrying amount of the asset or recognised as a separate asset, as appropriate, 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 are charged to the income statement during the financial period in which they are incurred.

Investment properties

Investment properties are properties held to earn rentals or for capital appreciation or both. Investment properties are recognised as an asset when it is probable that the future economic benefits that are associated with the investment properties will flow to the entity and the cost can be measured reliably.

Investment properties are measured initially at cost, including related transaction costs. After initial recognition, investment properties are carried at fair value at the date of the valuation, less any subsequent accumulated depreciation (Note 12). Gains and losses arising from changes in fair values are recorded in profit or loss.

The fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. The estimation of fair values does not assume that either the underlying assets are marketed for sale at the reporting date or that there is an intention to sell it in the near future.

The objective is to estimate the exchange price at which hypothetical market participants would agree to transact.

The fair value of investment properties are largely based on estimates using property appraisal techniques as outlined in Note 12 to these financial statements. Such estimates are inherently subjective and actual values can only be determined in a sales transaction.

Investment properties are derecognised on disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal proceeds, if any, and the carrying amount and are recognised in profit or loss in the period of derecognition.

NOTES TO THE FINANCIAL STATEMENTS - continued

1. MATERIAL ACCOUNTING POLICY INFORMATION - continued

Investment properties - continued

Depreciation commences when the depreciable assets are available for use and is charged to profit or loss so as to write off the fair valued amount, less any estimated residual value, over their estimated useful lives, on the following basis:

Improvements	2% Straight Line
Furniture, fixtures and fittings	20% Straight Line

If an investment property becomes owner occupied, it is reclassified as property, plant and equipment and its cost or fair value at the reclassification date becomes its cost for accounting purposes. Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until development is complete. Thereafter it is classified and accounted for as investment property.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property, plant and equipment under International Accounting Standards ('IAS') 16. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the profit or loss.

Intangible assets

Trademark and licences

Trademarks and licences are valued at cost. Trademarks and licences have a definite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful life of 10 years.

Non-compete rights

The non-compete rights are valued at cost and are amortised over a period of 5 years.

Brand

The value of brand name is recognised following acquisition. Brand name acquired over the past period (together with other assets, in complex transaction), has been valued to assess the actual incremental value it provides to the Company's operations and its value has been based on estimated income. The brand name is being amortised over 5 years.

Investment in subsidiaries

Subsidiaries are all those entities over which the Company has control, i.e., when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Investment in subsidiaries are initially recognised at cost, being the fair value of the consideration given, including acquisition costs and are subsequently carried at cost less accumulated impairment losses, if any.

Dividend income is recognised when the Company's right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS - continued

1. MATERIAL ACCOUNTING POLICY INFORMATION - continued

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised at their fair value plus directly attributable transaction costs for all financial assets or financial liabilities not classified at fair value through profit or loss.

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position 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.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or when the entity transfers the financial asset and the transfer qualifies for derecognition.

Financial liabilities are derecognised when they are extinguished. This occurs when the obligation specified in the contract is discharged, cancelled or expires.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Debt instruments are recognised as Fair Value through Other Comprehensive Income ("FVOCI") depending on the Company's business model and aligns with the guidance of IFRS 9, specifically paragraph 4.1.2A. If the Company's business model is to hold the financial assets both to collect contractual cash flows and the financial assets pass the SPPI test (cash flows of the bond represent only principal repayment and interest on the principal amount outstanding).

Changes in the fair value are recorded in Other Comprehensive Income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recognised in profit of loss.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) on financial assets that are measured at amortised cost. Equity instruments are not subject to impairment assessment.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (lifetime ECL).

For trade receivables, the Company applies a simplified approach to measuring ECLs which recognises lifetime ECLs. The ECLs on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

NOTES TO THE FINANCIAL STATEMENTS - continued

1. MATERIAL ACCOUNTING POLICY INFORMATION - continued

Segment reporting

The Board of Directors shall determine the Company's operating segments, in accordance with the requirements of IFRS 8 'Operating Segments'.

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. An operating segment's operating results are reviewed regularly by the Board of Directors. The Board of Directors considers the Company to be made up of one operating segment.

Leases

IFRS 16 requires an entity to assess whether a contract is, or contains, a lease at the inception date. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. Leases are recognised as a right-of-use asset and a corresponding liability at the commencement date, being the date at which the leased asset is available for use by the Company.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Subsequent to initial recognition, right-of-use asset is measured under the revaluation model. The revalued amount is based on periodic valuations by external independent valuers, less subsequent depreciation and impairment, if any. The valuations are undertaken if there is a material change in the revalued amount relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter, the decrements are taken to profit or loss.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS - continued

1. MATERIAL ACCOUNTING POLICY INFORMATION - continued

Leases - continued

Lease liability

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the application of the Company's accounting policies, which are described in Note 1 to these financial statements, the management is required to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical and other factors, including expectations of future events that are believed to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions 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 both current and future periods.

In the opinion of the Directors, with the exception of the fair valuation of investment properties (Note 12), the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

3. REVENUE

	2025	2024
	€	€
Rental income	572,234	540,935
Service fee income	469,756	297,297
Rental revenue share - VREM	670,251	517,703
	<u>1,712,241</u>	<u>1,355,935</u>

VBL Plc
Annual Financial Report and Financial Statements - 31 December 2025

NOTES TO THE FINANCIAL STATEMENTS - continued

4. INVESTMENT INCOME

	2025	2024
	€	€
Increase in fair value of investment properties	1,423,803	2,520,977

The €1,423,803 (2024: €2,520,977) relates to an increase in fair value of investment properties resulting from concluded acquisitions, ongoing development activity and applicable adjustments, which are considering property specific conditions, namely development project status or operational conditions.

5. EXPENSES BY NATURE

	2025	2024
	€	€
Direct costs	17,923	25,497
Employee benefit expense (i)	125,763	133,203
Directors' fees	79,000	76,049
Auditor's remuneration:		
Audit fee	15,000	13,140
Other non-assurance services	1,850	950
Depreciation and amortisation	404,236	343,425
Management fees from related party	181,502	252,587
Other administrative expenses	207,546	193,221
	1,032,820	1,038,072

(i) Employee benefit expense includes the following:

	2025	2024
	€	€
Salaries and wages	233,712	233,242
Social security and maternity fund contributions	13,336	13,120
Capitalised salaries	(121,285)	(113,159)
	125,763	133,203

Average number of employees	7	5
-----------------------------	----------	---

During the year 2025, staff salaries of €121,285 have been capitalised to investment properties (2024: €113,159).

6. OTHER OPERATING INCOME

	2025	2024
	€	€
Management fees and professional services	333,675	333,675
Miscellaneous income	20,800	21,673
	354,475	355,348

VBL Plc
Annual Financial Report and Financial Statements - 31 December 2025

NOTES TO THE FINANCIAL STATEMENTS - continued

7. INTEREST INCOME

	2025	2024
	€	€
Interest on financial assets at FVOCI	80,281	-
Loan interest	29,232	13,901
Bank interest	7,134	3,776
	<u>116,647</u>	<u>17,677</u>

8. FINANCE COSTS

	2025	2024
	€	€
Interest on bank loan	176,771	163,248
Interest on bonds payable	555,457	89,786
Interest on lease liabilities	57,275	57,997
	<u>789,503</u>	<u>311,031</u>

9. INCOME TAX EXPENSE

Tax is provided for at the rate of 35% for Company profits, except for certain bank interest receivable which is taxed at 15% and sale of property which is taxed at 5%.

	2025	2024
	€	€
Current year tax		
Income tax on the taxable income for the year	124,023	2,384
Final withholding tax	1,070	650
Deferred tax		
Movement in deferred tax asset (Note 16)	4,614	(35,268)
Movement in deferred tax liability (Note 22)	136,436	468,037
Movement in revaluation reserve	12,251	12,251
	<u>278,394</u>	<u>448,054</u>

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

	2025	2024
	€	€
Profit on ordinary activities before tax	<u>1,834,191</u>	2,900,834
Theoretical tax expense at 35%	641,967	1,015,292
Tax effect of:		
Effect of different tax rate used for interest income	(1,427)	(5,537)
Effect of different tax rate used in fair value gain on investment properties	(355,303)	(409,744)
Other movement	(6,843)	(151,957)
	<u>278,394</u>	<u>448,054</u>

VBL Plc
Annual Financial Report and Financial Statements - 31 December 2025

NOTES TO THE FINANCIAL STATEMENTS - continued

10. INTANGIBLE ASSETS

	Licences €	Non- compe- te rights €	Brand €	Total €
Cost				
At 01 January 2025	349	150,000	66,000	216,349
Additions	-	-	-	-
At 31 December 2025	349	150,000	66,000	216,349
Provision for diminution value				
At 01 January 2025	348	120,000	42,800	163,148
Amortisation for the year	1	30,000	13,200	43,201
At 31 December 2025	349	150,000	56,000	206,349
Net book value				
At 31 December 2024	1	30,000	23,200	53,201
At 31 December 2025	-	-	10,000	10,000

11. PROPERTY, PLANT AND EQUIPMENT

	Right-of- use assets €	Building improve- ments €	Office equipment €	Furniture and fixtures €	Other assets €	Total €
Cost						
At 01 January 2025	1,035,369	100,806	43,906	38,285	58,715	1,277,081
Additions	-	-	15,005	4,222	-	19,227
At 31 December 2025	1,035,369	100,806	58,911	42,507	58,715	1,296,308
Depreciation						
At 01 January 2025	414,147	24,871	40,634	28,081	44,933	552,666
Charge for the year	51,816	2,016	3,867	1,726	6,716	66,141
At 31 December 2025	465,963	26,887	44,501	29,807	51,649	618,807
Net book value						
At 31 December 2024	621,222	75,935	3,272	10,204	13,782	724,415
At 31 December 2025	569,406	73,919	14,410	12,700	7,066	677,501

NOTES TO THE FINANCIAL STATEMENTS - continued

12. INVESTMENT PROPERTIES

	Right-of-use assets €	Investment properties €	Total €
Fair value			
At 01 January 2025	2,122,694	82,140,689	84,263,383
Additions	364,825	2,621,896	2,986,721
Fair value movement	93,013	1,330,790	1,423,803
At 31 December 2025	2,580,532	86,093,375	88,673,907
Provision			
At 01 January 2025	152,823	1,351,190	1,504,013
Depreciation	40,709	254,185	294,894
At 31 December 2025	193,532	1,605,375	1,798,907
Net book value			
At 31 December 2024	1,969,871	80,789,499	82,759,370
At 31 December 2025	2,387,000	84,488,000	86,875,000

Depreciation relates to the depreciation of improvements and furniture currently included in Investment Properties. The depreciable amount is allocated on a systematic basis to each accounting period over its useful life.

Lessors commitments

	2025 €	2024 €
Minimum lease commitments receivable but not recognised in the financial statements:		
1 year or less	512,644	490,997
Between 1 and 2 years	466,284	502,311
Between 2 and 3 years	406,258	432,792
Between 3 and 4 years	334,574	421,655
Between 4 and 5 years	240,640	305,686
Over 5 years	562,823	803,559
	2,523,223	2,957,000

Fair value of investment properties

The book value of the properties held by the Company has been increased by €1,423,803 (2024: €2,520,977) to reflect the established fair value as at 31 December 2025, reflecting several different factors and adjustments to the individual property values, including the downward adjustment to certain property categories resulting from the market changes and developments of the past two years, and reflecting improvements and additions to the portfolio during the year, resulting from the acquisition and development activity of the Company.

It is important to note that the Company has not recognised any value over the costs incurred for its contracts and promises of sale of property which have not yet been fully acquired, but binding contracts are existing, and is conservatively left out of the book value of the Company.

The Company considers that the current macroeconomic conditions (e.g. high interest rates, yields and vacancy expectations) are properly reflected in its fair value measurements, noting that the city of Valletta, where predominant part of the Company's assets are located, represents a specific micro-market, which UNESCO-protected, historic buildings and limited supply, while demand is steadily increasing.

NOTES TO THE FINANCIAL STATEMENTS - continued

12. INVESTMENT PROPERTIES - continued

Valuation process

As is usually done by the Company, on an annual basis, during the reporting year it has carried out a full property valuation exercise, performed by an independent professional valuer to assess the market value of its assets, whether these are owned or leased. The annual valuation report was prepared by Edwin Mintoff Architects ('EMA') in their capacity of a warranted architect and civil engineers, as independent asset valuers. This full valuation report was prepared on a market value basis, based on the principles defined by the Royal Institute of Chartered Surveyors ('RICS') Standards and applicable adjustments, which are made for property specific conditions of the properties, reflecting the development project status or operational conditions and was completed in January 2026, as part of the annual asset valuation exercise.

On this basis, the Board of Directors has made its own assessment which has considered the overall valuation values of the independent report, and has also assessed the individual property specific values, assessing the various specific developments and adjusted for property-specific status of the ongoing development projects, as well as the investment value potential for the Company's asset portfolio. The assessment of the fair market value of the Company's asset portfolio performed by the Board of Directors as at the end of the reporting period is considered conservative and is based on careful assessment of the available independent valuation reports, market information and consideration of the actual market conditions and forecasts.

Valuation techniques

It should be noted that the actual price (liquidation value) which the Company might obtain, if forced to sell all properties in the short term, might be lower than the estimated figures accepted as fair market value of the specific assets, as this is usual in similar cases. In addition, there are several risks and discount factors associated specifically with the nature and operation of the Company's strategy and its line of business, which were taken into account in establishing the fair market value of the properties and related assets reflected in the Directors assessment, namely:

- Ability to match the forecasted schedule and development budgets;
- Securing the necessary finance for all development related expenses (beyond the currently available funds) for all the projects within a short time frame might prove difficult;
- Securing the necessary development and operational permits within a relatively short time frame for all the planned development projects might not materialise in time, resulting in delays or undue strain on resources and finance and overall increased development costs and delayed proceeds from operation;
- Finding prospective buyers or partners or operators for some or all the projects within a short time frame might not be possible at the forecasted terms and conditions;
- The development and execution risks required to make some of these properties operational (particularly the Silver Horse Block Phase 2 project) are considered high; and
- The impact of changing general market conditions and regulatory risks associated with the operation of finished and managed properties is a risk itself.

For investment properties categorised under Level 3 of the fair value the valuation is based on a comparative and in certain cases discounted cash flow valuation methodology, as detailed below. The annual Directors' valuation is based on the independent valuer's estimated market values, and where applicable specific (usually reflecting discounts) adjustments are applied reflecting specific property/development characteristics.

NOTES TO THE FINANCIAL STATEMENTS - continued

12. INVESTMENT PROPERTIES - continued

Valuation techniques - continued

For the residential and commercial properties under comparative approach, this is a relative valuation method in which one compares the current value of a property to another with similar characteristics. This method involves comparing the subject property with similar properties that have been recently sold and those that are currently being offered for sale in the vicinity of other comparable localities. The characteristics, merits and demerits of these properties are considered, and appropriate adjustments thereof are then made to arrive at the value of the subject property. The higher the comparable market rates, the higher the fair value of the property.

The fair value of the Silver Horse Block Phase 2, a property currently in advanced stage of development, is determined based on project value, using various approaches, including a discounted cashflow method. The discounted cashflow method is based on assumptions, which consider the specific terms of the signed conditional lease agreement, assessment of the estimated development costs and discounts the projected revenue streams to a present value using a typical market discount rate. The applied discount rate in this case is 6%, reflecting current market conditions and parameters. The higher the discount rate, the lower the fair value.

Directors' assessment

As at 31 December 2025, the Directors' Valuation Report reflects conservatively updated values for each of the Company's assets, taking into account the specific status and condition of the underlying properties. Certain properties are currently under renovation, development, or in a preparatory stage in anticipation of future refurbishment. In such cases, the valuation typically incorporates appropriate discounts to reflect development risks and other project-specific factors. The values of such projects are reviewed annually and adjusted to reflect changes in legal status (including tenant arrangements), development progress, and other relevant considerations. As projects advance and associated risks are mitigated, previously applied discounts may be partially or fully released in accordance with the applicable valuation principles and professional recommendations. The valuation principles and methodologies applied are consistent with the relevant guidance issued by the Kamra tal-Periti (KtP) and generally accepted international industry practices.

Based on independent expert opinions and other available market information, the Directors remain of the view that the Valletta property market is relatively less exposed to short-term volatility compared to other property markets in Malta. Accordingly, the Directors are not aware of any material adverse changes in market values as at the date of this report.

Considering the above, as at 31 December 2025 the Directors approved a total property value of €86,875,000, representing an increase of approximately €4.1 million (an average of approximately 5%) compared to the Directors' valuation as at the end of 2024. This increase reflects ongoing property development activities as well as prevailing market conditions and trends.

In establishing the valuation, the Directors considered the recommendations contained in the reports prepared by independent third-party valuers, including suggested adjustments to the fair market values of certain assets to reflect current conditions in the Valletta property market. Projects under development, as well as projects completed but not yet operational at the valuation date, were reflected based on their estimated project value at that time, with the values of fully developed assets expected to be realised upon completion and commencement of operations.

The Directors have also confirmed that the Company's long-term operational outlook remains materially unchanged, particularly in relation to the projected long-term achievable revenues and operational profitability expected from the operation of the Company's fully developed assets.

NOTES TO THE FINANCIAL STATEMENTS - continued

12. INVESTMENT PROPERTIES - continued

Directors' assessment - continued

The Company applies IFRS 16 - Leases, which permits the recognition of leased properties in the statement of financial position. In addition, the Company applies a similar approach to certain managed properties where long-term contractual arrangements with property owners provide the Company with effective control over the operation and economic benefits of those properties, where relevant and applicable.

13. INVESTMENT IN SUBSIDIARIES

Subsidiaries	Registered address	Class of shares	% of ownership	
			2025	2024
VREM Ltd	54, Marsamxett Road Valletta VLT 1853 Malta	Ordinary shares	100	100
Silver Horse Block Ltd	54, Marsamxett Road Valletta VLT 1853 Malta	Ordinary shares	100	100

VREM Ltd is a 100% owned subsidiary of the Company, which is focusing on the management of the hospitality assets and related operations. It manages the hospitality operations of the Company on the short-let market. The Company recognises the investment in VREM Ltd at its cost of €10,000, in accordance with the applicable IFRS principles.

Silver Horse Block Ltd is at present a SPV designated for future use, related to the Company's operations or development projects, currently holding no material assets, not carrying any activity and therefore being inactive. The Company recognises the investment in Silver Horse Block Ltd at its cost of €1,200, in accordance with the applicable IFRS principles.

The following table summarises the financial information of the Company's subsidiaries as at and for the year ended 31 December 2025.

Subsidiaries	Capital and reserves €	Profit €
VREM Ltd	97,356	18,107
Silver Horse Block Ltd	1,200	-

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")

	2025 €	2024 €
Quoted debt instruments		
Balance as at 1 January	9,105,174	-
Additions during the year	2,096,027	9,113,992
Redemptions during the year	(5,205,654)	-
Movement in fair value	48,797	(8,818)
Balance as at 31 December	6,044,344	9,105,174

NOTES TO THE FINANCIAL STATEMENTS - continued

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (“FVOCI”) - continued

The Company's financial assets are quoted debt instruments. The fair value gain of the financial assets amounting to €48,797 (2024: fair value loss of €8,818) is recognised in other comprehensive income and reflected as fair value reserve.

	2025 €	2024 €
Non-current portion	-	3,898,107
Current portion	6,044,344	5,207,067
At 31 December	6,044,344	9,105,174

15. LOAN RECEIVABLE

	2025 €	2024 €
Loan to third-party (i)	132,478	126,228

(i) The loan receivable bears 6% interest rate per annum. The loan was not repaid during the year, because the parties have agreed and entered into an agreement, which will provide a repayment of the full loan amount to the Company through cooperation in utilisation of the commercial premises of the debtor. The details of the commercial cooperation are to be finalised based on the existing agreement, and the rent due is to be set off as collections on account of the loan and related receivables.

16. DEFERRED TAX ASSETS

The asset for deferred tax is analysed as follows:

	2025 €	2024 €
Excess of capital allowances over depreciation	(295,794)	(184,479)
Unamortised bond issue costs	111,137	-
Lease liabilities	357,425	361,861
	172,768	177,382

Deferred 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.

Provision was made for deferred tax for all temporary differences, except of fair value adjustment for investment properties, on the basis of the liability method using a principal tax rate of 35%. The deferred tax asset movement is made up of:

	2025 €	2024 €
Balance at beginning of the year	177,382	142,114
Movement in unabsorbed tax losses and capital allowances	-	(124,077)
Movement in lease liabilities	(4,437)	261,484
Movement in the excess of capital allowances over depreciation	(111,315)	(102,139)
Movement in unamortised bond issue costs	111,138	-
Balance at end of year	172,768	177,382

NOTES TO THE FINANCIAL STATEMENTS - continued

17. TRADE AND OTHER RECEIVABLES

	2025 €	2024 €
Trade receivables (i)	104,809	101,132
VAT refundable	116,195	122,411
Prepayments	47,087	54,720
Accrued interest	21,233	27,136
Amounts due from subsidiary (ii)	179,974	64,755
Accrued service fee	267,053	-
Other receivables	55,902	39,819
	<u>792,253</u>	<u>409,973</u>
Provision for expected credit losses	(39,055)	(39,055)
	<u>753,198</u>	<u>370,918</u>

- (i) Trade receivables are non-interest bearing and are generally on a 30-day term.
(ii) The amounts due from subsidiary represent the cash portion due from the 100% owned subsidiary VREM Ltd, due to the fact that the Company operates a cash pool for the VBL Group.

The Company's exposure to credit risk and impairment losses relating to trade and other receivables is disclosed in Note 26.

18. CASH AND CASH EQUIVALENTS

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

	2025 €	2024 €
Cash at banks	748,185	851,160
Cash in hand	187	15
	<u>748,372</u>	<u>851,175</u>

The Company invested its temporary available free cash reserves in quoted debt instruments and are treated as financial assets at FVOCI in accordance with IFRS 9 and in line with the Company's declared policy for utilisation and investment of liquidity reserves, as disclosed in Note 14.

19. SHARE CAPITAL AND RESERVES

	2025 €	2024 €
Share Capital		
Authorised:		
330,000,000 Ordinary shares of €0.20 each	<u>66,000,000</u>	66,000,000
Issued and fully paid:		
249,179,183 Ordinary shares of €0.20 each	<u>49,835,837</u>	49,835,837

The issued share capital of the Company currently consists of 249,179,183 ordinary shares of €0.20 each. The authorised share capital currently consists of 330,000,000 ordinary shares of €0.20 each.

NOTES TO THE FINANCIAL STATEMENTS - continued

19. SHARE CAPITAL AND RESERVES - continued

As at 31 December 2025, the market price of the ordinary shares on the Malta Stock Exchange (“MSE”) was €0.186 each (based on the last trading of shares prior to the end of the year). The trading volume of the Company’s shares on MSE is very low compared to the total value of outstanding shares, the free float and the total asset value, and therefore it is considered non-representative as an indication of fair market value of the Company.

The Ordinary shares of the Company participate equally in any payment of dividends or any distribution and return of capital and carry identical rights and voting rights, as specified in the Memorandum and Articles of Association the Company.

The following describes the nature and purpose of each reserve within equity:

Share premium	The amount subscribed for share capital in excess of par value.
General reserve	The amount of the issued share capital reduction after the restructuring in the Company completed in 2019, retained in the Company, not distributed to the shareholders.
Other reserves	Non-distributable reserves for fair value revaluation on the office building and financial assets at FVOCI.
Retained earnings	All other net earnings or profit after accounting for dividends.

During the year ended 31 December 2025, gross dividends amounting to €220,000 (0.08829 euro cents per ordinary share) (2024: €200,000) were declared, while actual net dividends paid during the year amounted to €209,000 (2024: €200,000).

20. BORROWINGS

	2025	2024
	€	€
Non-current		
Bank borrowings (i)	8,903,837	8,898,957
Bonds payable (ii)	9,682,462	9,647,005
	<u>18,586,299</u>	<u>18,545,962</u>
Current		
Bank borrowings (i)	<u>871,850</u>	590,709

(i) The Company obtained a bank loan under the MDB-guarantee scheme provided to support businesses following the Covid-19 outbreak, which had in the previous periods a subsidised interest rate, in compliance with the MDB loan programme and relevant EU regulations. Currently effective interest rates are at market terms. The loan is being amortised as planned.

During 2022, the Company secured a long-term loan facility of €14,500,000, structured to reflect the Company’s financing needs, and to secure the necessary long-term funding for its development and acquisitions programme. This loan facility is repayable over a period of 15 years, and is structured into specific, dedicated utilisation purposes. The facility is drawdown in relation with the executed development and regeneration works. During 2023, the Company has also secured a short-term revolving overdraft credit facility, which is currently unutilised. During the year 2025, the Company continued utilising the facility, as per planned schedule, while significant portion of the development loan facility remain unutilised.

NOTES TO THE FINANCIAL STATEMENTS - continued

20. BORROWINGS - continued

The long-term development bank loan facility is covered under one overall agreement with the bank, but structured to reflect the designated use of funds. Repayment terms, applicable interest and actual repayment amounts are defined accordingly. Repayment amounts are based on a “scaletta repayment schedule”, reflecting the Company’s development process, following a 2-year moratorium period and are being repaid in monthly fixed instalments, inclusive of interest. Within the repayment period, the monthly fixed instalments, inclusive of interest. Within the repayment period, the monthly instalments will be gradually increased, and remain inclusive of interest, until the full final repayment. The Company’s long-term debt repayment obligations and other relevant parameters are presented in greater details in the Prospectus dated 4th October 2024. Further details on the loan repayment timing and expected cash-flows are presented in Note 26.

These loan facilities are secured by a general hypothec over the Company’s assets, and special hypothecs over the properties developed under the long-term development facility

The applicable costs of the development banking facilities (e.g. processing fees, commitment fees, legal and professional fees directly related to the facility), were partially recognised in the Statement of Comprehensive Income during the year, in line with the applicable accounting standards, and partially capitalised on Investment Properties, as considered capital expenditure related to development of the Company’s properties. The amount of borrowing costs capitalised during the year ended 31 December 2025 was €317,228 (2024: €280,976). The carrying amounts of the bank borrowings are reasonable approximations of their fair value.

The loan repayments during the year amounted to €571,048 (2024: €397,832). Total interest expense on bank loans recognised in the profit or loss are disclosed in Note 8 to these financial statements.

- (ii) On 1 November 2024, the Company successfully issued a €10,000,000 5.2% redeemable secured bonds 2030-2034 with a nominal exchange value of €100 per bond. The bonds were fully subscribed and will mature on 25 October 2034 with annual interest payments due annually, every 25th of October, until maturity. The amount presented in the statement of financial position is net of unamortised bond issue costs amounting to €317,538 (2024: €352,995). Interest expense on bonds for the year are as disclosed in Note 8 to these financial statements. Accrued interest payable as at 31 December 2025 is disclosed in Note 23 to these financial statements. The fair value of the bonds for every €100 bond as at 31 December 2025 was €100.20.

21. LEASE LIABILITIES

The Company leases properties which are utilised in the operations or operated as investment property, under agreements of between ten to twenty-five years, in some cases with options to extend. The lease contracts have various escalation clauses. On renewal, the terms of the leases are renegotiated.

	2025	2024
	€	€
Minimum lease payments		
Due after more than five years	1,329,565	1,406,615
Due after one year but within five years	365,914	356,909
Due within one year	68,045	69,996
Total gross lease liabilities	1,763,524	1,836,520
Discounting	(742,314)	(799,633)
Present value of lease liabilities	1,021,210	1,033,887

NOTES TO THE FINANCIAL STATEMENTS - continued

21. LEASE LIABILITIES - continued

Movements in lease liabilities during the year are as follows:

	2025 €	2024 €
At 01 January	1,033,887	286,791
Additions	-	738,195
Interest expense	57,275	57,997
Gross lease payments	(69,952)	(49,096)
At 31 December	1,021,210	1,033,887
	2025 €	2024 €
Non-current portion	1,000,798	1,015,958
Current portion	20,412	17,929
At 31 December	1,021,210	1,033,887

The following were the amounts recognised in profit or loss relating to leases:

	2025 €	2024 €
Depreciation	92,525	86,465
Interest expense	57,275	57,997
	149,800	144,462

22. DEFERRED TAX LIABILITIES

	2025 €	2024 €
Effect of fair value movement on investment properties	4,906,302	4,763,275
Right-of-use assets	72,029	78,620
	4,978,331	4,841,895

Deferred 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.

Provision was made for deferred tax for all temporary differences on the basis of the liability method using a principal tax rate at 35%/5%.

	2025 €	2024 €
Balance at beginning of the year	4,841,895	4,373,858
Movement of investment properties fair value	143,027	472,598
Movement in right-of-use assets	(6,591)	(4,561)
Balance at end of year	4,978,331	4,841,895

The Company is calculating its deferred tax liability on investment properties at 5%, being the rate applied if it had to sell its properties within 5 years of acquisition.

NOTES TO THE FINANCIAL STATEMENTS - continued

23. TRADE AND OTHER PAYABLES

	2025	2024
	€	€
Non-current		
Deposits on lease agreements	122,030	122,729
Current		
Trade payables (i)	218,051	85,359
Accruals (ii)	319,529	1,009,192
Contract liabilities	15,807	13,040
Dividends payable	19,115	155
Bond interest payable	89,613	83,778
Deferred income	2,488	204,703
	664,603	1,396,227

(i) Trade payables are non-interest bearing and are normally on 30 to 60 day term.

(ii) These accruals include amounts due to a related party amounting to €272,252 (2024: €910,349).

The Company's exposure to liquidity risk relating to trade and other payables is disclosed in Note 26.

24. RELATED PARTY TRANSACTIONS AND DISCLOSURES

The Company is the parent of the companies listed in Note 13 to these financial statements.

The Company has related party relationships with some of its investors, its subsidiaries and companies over which the Directors exercise significant influence. Transactions are carried out with related parties on an arms-length basis, a regular basis and in the ordinary course of the business.

In the opinion of the Directors, there is no ultimate controlling party of the Company, since no shareholder of VBL Plc has more than 25% of voting rights.

During the year ended 31 December 2025, transactions related to VBLM Ltd. and VREM Ltd are included in the related party transactions as detailed below.

During the year, the Company entered into transactions with related parties as set below.

	2025	2024
	€	€
Rental revenue share - VREM	670,251	517,703
Management fees and professional services - VREM	333,675	333,675
Property rental fees - VREM	32,400	32,400
Other direct costs - VREM	9,647	10,520
Directors travel reimbursement	1,333	2,277
Management fees - VBLM	181,501	252,587
Capitalised property development expenses - VBLM	544,504	757,762

The outstanding amounts arising from transactions with the related parties are disclosed in Notes 17 and 23 to these financial statements.

NOTES TO THE FINANCIAL STATEMENTS - continued

25. EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2025	2024
Profit attributable to equity holders of the Company	€1,555,797	€2,452,780
Weighted average number of shares in issue	249,179,183	249,179,183
Basic and diluted earnings per share	€0.0062	€0.0098

The Company has no instruments or arrangements which give rise to potential ordinary shares and accordingly diluted earnings per share is equivalent to basic earnings per share.

26. FINANCIAL RISK MANAGEMENT

The Company's activities potentially expose it to a variety of financial risks such as market risk (including equity price change risk and interest rate risk), credit risk, and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company did not make use of derivative financial instruments to hedge certain risk exposure during the current and preceding financial periods.

The Company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of variable interest rate risks or applying fixed interest rates, and ageing analysis for credit risk.

Risk management is carried out by senior finance executive ('finance') under policies approved by the Directors. These policies include identification and analysis of the Company and appropriate procedures, controls and risk limits.

Market risk

Market risk is the risk that changes in market prices (e.g. foreign exchange rates, interest rates and equity prices) will affect the Company's income or the value of its holdings of financial instruments.

The Company's currency of operation is Euro, all revenues and payables are defined, contracted and accounted in Euro.

The Company is exposed to changes in equity prices and interest rates.

Equity price change risk

The Company is exposed to changes in equity prices ("price risk") in respect of its listed shares, which is not a Company-specific risk, but it is a risk of the equity investors and shareholders. Therefore, the price risk is a relevant risk from the point of view of the Company's shareholders (investors), holding the listed securities.

NOTES TO THE FINANCIAL STATEMENTS - continued

26. FINANCIAL RISK MANAGEMENT - continued

The price risk is significantly dependent on the local and global stock market's specifics, the equity trading trends, actual trading volumes and other specifics of the equity market at the Malta Stock Exchange (MSE), and it is less dependent on the Company's actual financial or market performance. It is to be noted that the average trading volume of Company's shares on the stock exchange is very low, both compared to the Company's total equity and property value. During the reporting year 2025, the Company's revenues, overall financial performance and asset values have improved significantly, while the share prices have decreased amidst low trading volume compared to the Company's actual book value. Therefore, the actual changes in equity prices are considered not representative of the Company's actual market or asset value.

The investments in listed equity securities are considered as long-term strategic investment and are regulated and monitored by local authorities, including MFSA, and EU level regulation and authorities. The Directors continuously monitor the stock prices of the Company and assess the impact of potential stock price changes to the Company.

While the experienced trading volumes and cumulative trade in the Company's shares during the year were very low compared to the Company's book value, the following table illustrates the theoretical sensitivity and change of market capitalisation to a possible change in market price.

	Change €	Increase/ (decrease) in profit for the year €	Increase/ (decrease) in equity €
2025	(0.04)	-	(9,967,167)
2024	(0.04)	-	(9,967,167)

Interest rate risk

The interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk through its financial assets at FVOCI, and some of its long-term borrowings. Financial assets at FVOCI are investments in fixed-rate bonds which are exposed to changes in fair value as a result of movements in market interest rates, while the contractual cash flows remain fixed over the life of the instruments. An increase in market interest rates would result in a decrease in the fair value of these investments, whilst a decrease would result in an increase in fair value. During the reporting year, the Company's long-term borrowings have been serviced at fixed interest rate, in line with the negotiated terms with the lenders. This has reduced the Company's exposure to short-term market volatilities and interest rate volatility and has secured a stable and predictable environment for the Company's debt service obligations. A decrease in market interest rates would result in a decrease in the fair value of these long-term borrowings and whilst an increase would result in an increase in fair value. Management considers the potential impact on profit or loss of a defined interest rate shift that is reasonably possible at the end of the reporting period to be immaterial.

Credit risk

Financial assets which potentially subject the Company to concentrations of credit risk consist principally of cash at bank and receivables. The Company's cash is placed with quality financial institutions as well as it limits the amount of credit exposure with any one financial institution, to the extent possible. The Company has appropriate policies to ensure that sales of properties and provision of services are made to customers with appropriate credit history, or where this is not possible or practical, alternative risk mitigating practices are applied. In this respect, credit risk with respect to receivables is monitored continuously and the Company places a specific provision on any debt on which there is doubt of recoverability. Bad debts are therefore negligible, and, in this respect, the Company has no significant concentration of credit risk. The Company's calculated expected credit losses is immaterial.

NOTES TO THE FINANCIAL STATEMENTS - continued

26. FINANCIAL RISK MANAGEMENT - continued

	2025 €	2024 €
Financial asset		
Financial assets at FVOCI	6,044,344	9,105,174
Loans receivable	132,478	126,228
Trade and other receivables	753,198	370,918
Cash at banks	748,185	851,160

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's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity by maintaining adequate reserves and banking facilities to meet its abilities when due, under both normal and stressed conditions. The Directors do not foresee and are unaware of any currently known circumstances whereby the Company would not honour its commitment.

Unused bank borrowing facilities as at 31 December were as follows:

	2025 €	2024 €
Bank overdrafts	500,000	500,000
Bank borrowings	4,871,896	5,729,018
	5,371,896	6,229,018

	Within one year €	One to five years €	More than five years €
2025			
<i>Financial liabilities:</i>			
Bonds and interest payable	425,364	2,085,424	12,084,435
Bank borrowings	1,171,108	5,722,515	5,368,222
Lease liabilities	68,045	365,914	1,329,565
Trade and other payables	627,193	-	-
	2,291,710	8,173,853	18,782,222
2024			
<i>Financial liabilities:</i>			
Bonds and interest payable	425,364	2,085,424	12,605,434
Bank borrowings	1,019,718	3,228,674	9,002,894
Lease liabilities	69,996	356,909	1,406,615
Trade and other payables	1,094,551	-	-
	2,609,629	5,671,007	23,014,943

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of credit facilities and the ability to close out market positions. The timing and volume of the loan repayment cashflows is dependent on the actual timing of the loan utilisation, drawdowns and other relevant conditions. The options are considered in the Company's presented financial projections and regularly updated to reflect the facts. The cash-flows related to the bond issue are also detailed in further detail in the Prospectus dated 4th October 2024.

NOTES TO THE FINANCIAL STATEMENTS - continued

26. FINANCIAL RISK MANAGEMENT - continued

Capital risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maximise the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists mainly of cash and cash equivalents as disclosed in Note 18 to these financial statements, items presented within equity in the statement of financial position and borrowings as disclosed in Notes 19 and 20 to these financial statements, respectively.

The Company's Directors manage the Company's capital structure and make adjustments to it, in the light of changes in economic conditions and according to the originally disclosed strategy. The Company's capital structure is reviewed on an ongoing basis. Based on recommendations of the Directors, the Company aims to balance its overall capital structure through the payments of dividends, new share issues as well as the issue of new debt or the redemption of existing debt. The Company monitors its capital structure and targets to maintain at all times a healthy gearing ratio. This ratio is calculated as total net borrowings divided by total capital. The Company considers total capital to be equity and total net borrowings, adjusted for deferred tax liabilities.

As part of this process, the Company has declared and continues to explore and perform a comprehensive evaluation of strategic financing options and initiatives to unlock and maximise shareholder value going forward. This ongoing process includes considering a number of possible strategic options, including the possibility of raising further capital from strategic and/or financial investors or carrying out equity transactions, including options which might result in a change to the shareholding or capital structure of the Company. Any decisions on the selection of specific strategic options are made regularly and adequately communicated to the market, under the applicable rules and regulations. The Company's overall business and development strategy remains unchanged from the prior year.

27. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details the 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 Company's statement of cash flows as cash flows from financing activities.

	Bonds payable (Note 20) €	Bank borrowings (Note 20) €	Lease liabilities (Note 21) €	Total €
Balance at 01 January 2025	9,647,005	9,489,666	1,033,887	20,170,558
Drawdowns	-	857,071	-	857,071
Repayments	-	(571,048)	(12,677)	(583,725)
Interest paid	-	(449,657)	(57,275)	(506,932)
<i>Non-cash transactions:</i>				
Interest expense	-	176,771	57,275	234,046
Amortisation of bond issuance costs	35,457	-	-	35,457
Capitalised borrowing costs	-	317,228	-	317,228
Other movements	-	(44,344)	-	(44,344)
Balance at 31 December 2025	9,682,462	9,775,687	1,021,210	20,479,359

NOTES TO THE FINANCIAL STATEMENTS - continued

27. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES - continued

	Bonds payable (Note 20) €	Bank borrowings (Note 20) €	Lease liabilities (Note 21) €	Total €
Balance at 01 January 2024	-	8,270,631	286,791	8,557,422
Drawdowns	-	1,563,818	-	1,563,818
Repayments	-	(397,832)	-	(388,931)
Interest paid	-	(412,855)	(49,096)	(470,852)
Proceeds from issuance net of bond issue costs	9,640,997	-	-	9,640,997
<i>Non-cash transactions:</i>				
Additions	-	-	738,195	738,195
Interest expense	-	163,248	57,997	221,245
Amortisation of bond issuance costs	6,008	-	-	6,008
Capitalised borrowing costs	-	280,976	-	280,976
Other movements	-	21,680	-	21,680
Balance at 31 December 2024	9,647,005	9,489,666	1,033,887	20,170,558

28. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: Inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: Unobservable inputs for the asset or liability.

There were no transfers between levels during the year.

The valuation of investment properties at fair value is categorised as level 3. Details of the valuation techniques are disclosed in Note 12 to these financial statements.

The Company's financial assets measured at fair value comprise quoted debt instruments classified as financial assets at FVOCI, as disclosed in Note 14. These instruments are valued using quoted prices in active markets and are therefore categorised as level 1.

NOTES TO THE FINANCIAL STATEMENTS - continued

28. FAIR VALUE MEASUREMENT

Sensitivity analysis

The fair value of the Silver Horse 2 property (“SHB2”) has been determined on project basis and – among other methods - by using a discounted cash flow (DCF) model. The valuation incorporates significant unobservable inputs, primarily the discount rate and the long-term growth rate, which reflect market participants’ expectations regarding the risk profile and future performance of the property. As these inputs are not directly observable in the market, changes in the assumptions applied could have a material impact on the estimated fair value.

The discount rate represents the rate of return that market participants would require for an investment with risk characteristics comparable to those of the property. An increase in the discount rate would reduce the present value of the projected future cash flows and therefore decrease the estimated fair value of the property. Conversely, a decrease in the discount rate would increase the present value of projected cash flows and result in a higher fair value.

The long-term growth rate represents the rate at which the property’s net operating income is expected to grow over the projection period and into perpetuity. An increase in the growth rate assumption would generally result in a higher estimated fair value, while a decrease in the growth rate would lead to a lower estimated fair value.

To illustrate the sensitivity of the valuation to these key assumptions, the table below presents the estimated impact on the fair value of the SHB2 property resulting from a 0.5% change in each significant unobservable input, with all other assumptions held constant. It can be summarised that the sensitivity variations of the significant unobservable inputs, performed along the above-described assumptions, have an impact on the overall estimated market valuation of the asset of below 10%.

The level 3 unobservable inputs and sensitivity are as follows:

Property	Unobservable input	Sensitivity
Silver Horse Block Phase 2	Discount rate	A 0.5% change in discount rate would increase/ decrease the fair value by approximately €1.1 million (4%)
	Growth rate	A 0.5% change in growth rate would increase/ decrease the fair value by approximately €1.4 million (5%)

29. CAPITAL COMMITMENTS

The Company’s investment and development programme has been regularly communicated to the market and updated through regular company announcements and other communication. Nevertheless, the Company’s mid-term projected capital commitments remain largely unchanged. These have been detailed in the Company’s listing prospectus under the chapter of Prospective Financial Information, issued in August 2021 and subsequently updated and detailed in the Company’s bond prospectus published in October 2024 and reflects the Directors expectation with respect to the future operations and project development of the Company. Regular updates and adjustments to these plans are performed and communicated to align the plans to the market reality and actual conditions, while the overall strategy and long-term objectives remain largely unchanged. The basis of preparation and key underlying assumptions, financial and development plans, are also detailed in the prospectus, monitored and updated regularly. As of the end of the reporting period, these are materially unchanged and implemented along the originally projected timeframes.

RSM Malta

Mdina Road,
Haż-Żebbuġ, Malta
ZBG 9015

T: +356 2278 7000

www.rsm.com.mt

INDEPENDENT AUDITORS' REPORT

To the Shareholders of VBL Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of VBL Plc ("the Company") set out on pages 28 to 57, which comprise the statement of financial position as at 31 December 2025, the statement of 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 material accounting policy information.

In our opinion, the 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 Accounting Standards) as adopted by the European Union (EU), and have been properly prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

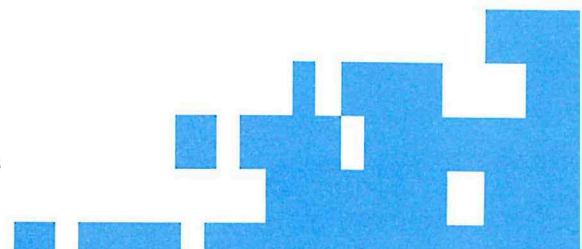
Our opinion is consistent with our additional report to the Audit Committee in accordance with the provision of Article 11 of the EU Regulation No. 537/2014 on specific requirements regarding statutory audits of public-interest entities.

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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements of both the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Code of Ethics for Warrant Holders in Malta. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Company are in accordance with the applicable laws and regulations in Malta and that we have not provided any non-audit services that are prohibited under Article 18A of the Accountancy Profession Act (Cap 281).

The non-audit services that we have provided to the Company during the year are disclosed in Note 5 to these financial statements.



INDEPENDENT AUDITORS' REPORT - continued

To the Shareholders of VBL Plc

Report on the Audit of the Financial Statements - continued

Key Audit Matters

Key audit matters are those matters that, in our professional judgement were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of Investment Properties

The Company's investment properties are carried at fair value of €86,875,000 as at 31 December 2025.

Further details are included in Note 12 to the financial statements.

The existence of significant estimates used to arrive at the fair value of the property, could result in a potential material misstatement by virtue of the inherent limitations underlying the estimations. Consequently, specific audit focus and attention was given to this area. The valuation of the property was performed by management on the basis of valuation reports prepared by an independent qualified valuer and the Board of Directors' assessment which considers various specific developments and adjusted for property-specific status of the ongoing development projects, as well as the investment value potential for the VBL asset portfolio.

Audit Response

We understood and evaluated the assessment performed by management on the basis of the revaluations performed by an independent professional qualified valuer and the Board of Directors' assessment to ascertain the fair value of the investment properties.

Our audit procedures included amongst others:

- Considering the objectivity, independence, competence and capabilities of the external valuer.
- Considering the objectivity, competence and capabilities of the management and directors.
- Reviewing the methodology used by the external valuer and management to estimate the value of the property.
- Assessing and challenging the significant unobservable inputs and assumptions that were applied in the valuations made.
- Assessing the reasonableness of the valuations by reference to market evidence of transactions for similar properties.
- Conducting discussions with the independent professional valuer, management and directors.

We concluded, based on our audit work, that the outcome of the assessment is reasonable.

In addition, we reviewed the adequacy of disclosures made in Note 12 to the financial statements and concluded that these are adequate.

INDEPENDENT AUDITORS' REPORT - continued

To the Shareholders of VBL Plc

Report on the Audit of the Financial Statements - continued

Other Information

The directors are responsible for the other information. The other information comprises the general information, the directors' report, the remuneration report and the statement of the directors, and the statement by the directors on compliance with the Code of Principles of Good Corporate Governance, 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 and we do not express any form of assurance conclusion thereon except as explicitly stated within the *Report on Other Legal and Regulatory Requirements*.

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

Under Article 179(3) of the Maltese Companies Act (Cap. 386), we are required to consider whether the information given in the directors' report is compliant with the disclosure requirements of Article 177 of the same Act.

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

- the directors' report has been prepared in accordance with the Maltese Companies Act (Cap. 386);
- 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
- in light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

Responsibilities of the Directors 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 Accounting Standards as adopted by the EU and the requirements of the Maltese Companies Act (Cap. 386), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors have delegated the responsibility for overseeing the Company's financial reporting process to the Audit Committee.

INDEPENDENT AUDITORS' REPORT - continued

To the Shareholders of VBL Plc

Report on the Audit of the Financial Statements - continued

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

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

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

INDEPENDENT AUDITORS' REPORT - continued

To the Shareholders of VBL Plc

Report on the Audit of the Financial Statements - continued

Auditors' Responsibilities for the Audit of the Financial Statements - continued

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

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

Report on Other Legal and Regulatory Requirements

Report on the Statement of Compliance with the Code of Principles of Good Corporate Governance

The Capital Markets Rules issued by the Malta Financial Services Authority require the directors to prepare and include in their Annual Financial Report a Statement of Compliance with the Code of Principles of Good Corporate Governance with Appendix 5.1 to Chapter 5 of the Capital Markets Rules. The Statement's required minimum contents are determined by reference to Capital Markets Rule 5.97. The Statement provides explanations as to how the Company has complied with the provisions of the Code, presenting the extent to which the Company has adopted the Code and the effective measures that the Board has taken to ensure compliance throughout the accounting period with those Principles.

The Capital Markets Rules also require the auditor to include a report on the Statement of Compliance prepared by the directors.

We read the Statement of Compliance 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 with respect to the information referred to in the Capital Market Rules 5.97.4 and 5.97.5. We also assessed whether the Statement of Compliance includes all the other information required to be presented as per Capital Market Rules 5.97. 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 Statement of Compliance 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 Statement of Compliance with the Principles of Good Corporate Governance set out on pages 19 to 27 has been properly prepared in accordance with the requirements of the Capital Markets Rules issued by the Malta Financial Services Authority.

INDEPENDENT AUDITORS' REPORT - continued

To the Shareholders of VBL Plc

Report on Other Legal and Regulatory Requirements - continued

Report on the Remuneration Statement

The Capital Markets Rules issued by the Malta Financial Services Authority requires the directors to prepare a remuneration statement. We are required to consider whether the information that should be provided under the Remuneration Statement has been included.

In our opinion, the Remuneration Statement has been properly prepared in accordance with the requirements of the Capital Markets Rules issued by the Malta Financial Services Authority.

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

We have undertaken a reasonable assurance engagement in accordance with the requirements of Directive 6 issued by the Accountancy Board in terms of the Accountancy Profession Act (Cap. 281) - the Accountancy Profession (European Single Electronic Format) Assurance Directive (the "ESEF Directive 6") on the annual financial report of VBL plc for the year ended 31 December 2025, entirely prepared in a single electronic reporting format.

Responsibilities of the directors

The directors are responsible for the preparation of the annual financial report, including the financial statements, by reference to Capital Markets Rule 5.56A, in accordance with the requirements of the ESEF RTS.

Auditor's responsibilities

Our responsibility is to obtain reasonable assurance about whether the annual financial report, including the financial statements, comply in all material respects with the ESEF RTS based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with the requirements of ESEF Directive 6.

Our procedures included:

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

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

Opinion

In our opinion, the annual financial report for the year ended 31 December 2025 has been prepared in XHTML format in all material respects.

INDEPENDENT AUDITORS' REPORT - continued

To the Shareholders of VBL Plc

Report on Other Legal and Regulatory Requirements - continued

Other matters on which we are required to report by exception

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

- proper accounting records have not been kept; or
- proper returns adequate for our audit have not been received from branches we have not visited; or
- the financial statements are not in agreement with the accounting records and returns; or
- we were unable to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

We also have responsibilities under the Capital Markets Rules to review the statement made by the directors that the business is a going concern together with supporting assumptions or qualifications as necessary.

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

Appointment

We were first appointed to act as auditors of the Company by the shareholders of the Company on 14 December 2021 for the year ended 31 December 2021, and we were subsequently reappointed by the shareholders at the Company's general meeting for the financial year thereafter. The period of uninterrupted engagement as statutory auditor of the Company is five financial periods.

A handwritten signature in blue ink, appearing to be 'Conrad Borg', is written over a faint blue circular stamp.

*This copy of the audit report has been signed by
Conrad Borg (Principal)
for and on behalf of*

RSM Malta
Registered Auditors

29 April 2026