

Date of Announcement: 29 July 2025

Reference: 8/2025



The following is a company announcement issued by HH Finance plc (the “Company”), bearing company registration number C-84461, pursuant to the Prospects MTF Rules.

Application for Admissibility to Listing and Corporate Restructuring

QUOTE

The board of directors of HH Finance p.l.c. (the “**Company**”) hereby informs its investors that it has, after due consideration of all financing options available to it, resolved to pursue the possibility of obtaining new financing through the issuance of a new bond to the public for the aggregate amount of twenty seven million Euro (€27,000,000.00) in secured bonds, having a nominal value of one hundred Euro (€100.00) per bond (the “**New Bonds**”). In this regard, the Company reports that it has filed an application with the Malta Financial Services Authority (the “**MFSA**”) requesting admissibility to listing on the Official List of the Malta Stock Exchange of the New Bonds.

Subject to the MFSA granting its approval to admissibility to listing of the New Bonds on the Official List of the Malta Stock Exchange, part of the proceeds thereof will be used by the Company for the purposes of redeeming the five million Euro (€5,000,000) 5% unsecured bonds 2023-2028 (ISIN: MT0001861203), previously issued by the Company, and listed and trading on the Prospects MTF List pursuant to and in accordance with the terms and conditions set out in its Company Admission Document dated 11 May 2018 (the “**HHF Prospects MTF Bonds**”).

Full details of the mechanics of abovementioned intended redemption of the HHF Prospects MTF Bonds and the rights of the HHF Prospects MTF Bonds bondholders in relation to the redemption shall be made known by means of a notice to be sent out to the various bondholders in due course. Further information in connection with the proposed issue of the New Bonds, particularly as regards subscription thereto and the allocation policy, shall also be provided in due course as the aforementioned application with the MFSA progresses further.

The board of directors now awaits the MFSA's considerations and assessment of the application submitted and shall continue to provide updates to the market as these are made known to the Company.

Moreover, in an effort to rationalise and consolidate the Company's and its related group of companies' financial arrangements in readiness for the prospective issuance of the New Bonds and related growth plans, the Company has also proceeded to execute the following underlying transactions.

Extension of H Hotel Deed of Acquisition [Repayment Date]

On 8 March 2018, the H Hotel¹ was acquired by the Company from its parent company, Hugo's Hotel Limited (C-8556) ("**Hugo's Hotel**") by virtue of a public deed in the records of Notary Public Rachel Busuttil (the "**Deed**") as originally described and disclosed in the Company Admission Document of the Company dated 11th May 2018 – in relation to the outstanding Bonds. The said transaction and subsequently those announced in company announcements 13/2020 (MSE Ref: HHF/33) and 16/2020 (MSE Ref: HHF/36) resulted in an indebtedness owed by the Company to Hugo's Hotel of twenty seven million, one hundred twenty five thousand Euro (€27,125,000.00), which was to be paid (together with interest accrued thereon as provided in the said deed) upon the lapse of ninety (90) days from 30 January 2028. Now, by virtue of a deed of amendment between the Company and Hugo's Hotel dated 22 July 2025 in the records of Notary Public Rachel Busuttil, the parties have agreed that the date of repayment of such balance is to be extended to a date being ninety (90) days from 31 December 2035.

Share transfer

The Company has entered into a share purchase agreement by virtue of which it acquired one hundred percent (100%) of the issued shares in All Round Entertainment Ind. Limited (C-34949) ("**All Round**") from Lifetime Limited (C-19952) ("**Lifetime**"), specifically one hundred ninety three thousand five hundred (193,500) ordinary shares having a nominal value of €2.329373 each, being fully paid up, in the issued share capital of All Round (the "**Share Transfer**"). Following the Share Transfer, All Round became a fully owned subsidiary of the Company. It is to be noted that Lifetime is owned, to the extent of one hundred percent (100%), by the Company's ultimate beneficial owner, Mr Luke Chetcuti.

The total consideration for the Share Transfer amounts to sixty seven million one hundred fifty three thousand and nine Euro (€67,153,009.00), of which thirteen million six hundred thousand Euro (€13,600,000.00) (the "**Initial Payment Sum**") shall be paid following the obtainment of financing the Company is currently seeking to acquire as explained at the start of this announcement, with the remaining balance being subject to deferred payment terms and accordingly comprising intra-group credit as existing between the seller and the buyer.

As part of these payment terms, the remaining balance shall only be paid following the satisfaction and repayment in full, by the Company, of the debts due by it, as bond issuer of the aggregate principal amount of five million Euro (€5,000,000.00) in unsecured bonds on the

¹ The tenement owned by the Company and leased out to HH Operating Limited (C-84431), which operates the same property as a hotel (H Hotel).

Prospects MTF market in Malta, governed by the Purchaser's 'Company Admission Document' dated 11 May 2018, to the bondholders thereof, which debts shall comprise the principal amount of each bond as well as any interest accrued thereon.

Following the abovementioned Share Transfer, the Company's balance sheet has seen a corresponding investment in a subsidiary to the extent of sixty seven million one hundred fifty three thousand and nine Euro (€67,153,009.00), and a further corresponding related party liability equivalent to the same amount. This value corresponds to the net asset value of All Round as at 31 December 2024, adjusted for the fair value of properties held by All Round.

Furthermore, the Company's P&L is anticipated to see a positive change in view of the fact that with the acquisition of the subsidiary, an additional dividend revenue stream will be created for the Company by virtue of dividends distributed to it from its newly-acquired subsidiary, All Round, which generated profit after tax of circa two million one hundred thousand Euro (€2.1M) in the financial year ended 31 December 2024.

Intra Group Assignments

As part of the restructuring exercise, and following the Share Transfer, the Group also consolidated various intra-group balances and transferred these upwards to the Company's parent company, namely Hugo's Hotel, as follows:

- Payables and receivables on All Round's balance sheet (as owing to and from All Round to other subsidiaries in the group of companies and related entities) have been assigned to the Company, resulting in a net receivable of circa fifteen million seven hundred thousand Euro (€15,700,000.00); and
- Payables and receivables on the Company's balance sheet (as owing to and from the Company) have been assigned to Hugo's Hotel, resulting in a net payable of circa one hundred and one million Euro (€101,000,000.00).

Where pertinent, the various intra-group balances are being netted off as against one another, resulting in a neutral (zero) net effect on the balance sheet.

Allotment of shares

Further to the above, the Company intends to increase its authorised and issued share capital in the manner set out below:

- a) Increase the authorised share capital of the Company from one hundred and fifty thousand Euro (€150,000.00), divided into one hundred and forty nine thousand nine hundred and ninety nine (149,999) Ordinary 'A' shares of €1.00 (one Euro) each and one (1) Ordinary 'B' share of one Euro (€1.00), to two hundred and fifty thousand Euro (€250,000.00) divided into two hundred and forty nine thousand nine hundred and ninety nine (249,999) Ordinary 'A' shares of €1.00 (one Euro) each and one (1) Ordinary 'B' share of one Euro (€1.00); and
- b) Increase the issued share capital of the Company from one hundred and fifty thousand Euro (€150,000.00), divided into one hundred and forty nine thousand nine hundred and ninety nine (149,999) Ordinary 'A' shares of € 1.00 (one Euro) each fully paid up, and one (1) Ordinary 'B' share of one Euro (€1.00) fully paid up, to two hundred and fifty thousand

Euro (€250,000.00) divided into two hundred and forty nine thousand nine hundred and ninety nine (249,999) Ordinary 'A' shares of €1.00 (one Euro) each and one (1) Ordinary 'B' share of one Euro (€1.00), which shares shall be subscribed to as follows:

Hugo's Hotel Limited

Hugo's Hotel,
St George's Bay,
St Julian's
Malta

Holder of two hundred and forty nine thousand, nine hundred and ninety nine (249,999) Ordinary 'A' Shares of one Euro (€1.00) each, fully paid up.

Luke Chetcuti

H Hotel,
Triq Santu Wistin,
San Giljan,
Malta

Holder of one (1) Ordinary 'B' Share of a nominal value of one Euro (€1.00), fully paid up.

The allotment is taking place by virtue of the capitalisation of part of the existing shareholder's debt as currently owing by the Company to its parent company, Hugo's Hotel Limited, which debt: (i) comprises the sum of one hundred thousand Euro (€100,000.00) forming part of the Initial Payment Sum under the Share Transfer agreement referred to above; and (ii) was, naturally, originally owing by the Company to Lifetime Limited as part of the Initial Payment Sum, having then been assigned to Hugo's Hotel Limited as part of the restructuring.

By virtue of this allotment, therefore, liability amounting to one hundred thousand Euro (€100,000.00), will be capitalised and converted into equity.

Change to Company's Memorandum and Articles of Association

The Company intends to effect changes to its memorandum and articles of association in order to reflect the foregoing changes. Per the Prospects MTF Rules, the memorandum and articles of association have been approved by the Malta Stock Exchange, and will be reviewed and, if deemed fit, approved at the extraordinary general meeting intended to take place as described hereunder.

Extraordinary General Meeting

An extraordinary general meeting shall take place tomorrow, 30 July 2025, which is being called in order to enable the shareholders to convene, review and, if deemed fit, approve the abovementioned intended allotment of shares and proposed amendments to the Company's memorandum and articles of Association.

The Company further announces that in accordance with Prospects MTF Rule 4.01.01.01(i.l), the shareholders of the Company have duly consented to the holding of the extraordinary general meeting of the Company on 30 July 2025 notwithstanding that a shorter notice of the meeting was provided than the prescribed fourteen (14) day notice period.

Related Party Transactions

With respect to the related party transactions set out herein, after having reviewed all applicable documentation, including valuation reports prepared by independent professionals, and after having obtained all necessary clarifications from company advisors, the corporate advisor declares that the transactions have been conducted on an arms' length, fair and reasonable basis.

The Company asks investors to bear in mind that the effectiveness of some of the abovementioned transactions is subject to the vetting and confirmation of the same by the relevant public authorities and bodies.

The Company shall update the market accordingly.

UNQUOTE

By order of the Board.



Dr Emma Grech
Company Secretary
29 July 2025