

Date of Announcement: 28 April 2023

Reference: 4/2023



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.

Approval of Financial Sustainability Forecasts

QUOTE

At its meeting held earlier today, the Board of Directors of the Company approved for publication the Financial Sustainability Forecasts for the financial year ending 31 December 2023 (the “FSFs”), a copy of which is being attached herewith. The FSFs are also available for viewing at the registered office of the Company and in the Investor Relations section on the Company’s website, <http://www.hhfinance.com.mt/>.

The Company hereby informs the market that the FSFs are being published on the basis of management’s prudent expectations that the actuals for the financial year ending 2023 will not vary materially from the financials published in the audited financial statements for the financial year ended December 2022, and this insofar as topline revenue, profitability before tax and the balance sheet are concerned. This, however, subject to a valuation of H Hotel - situated at Triq Santu Wistin, Paceville, St. Julian’s, Malta, of which property the Company is proprietor - which the Company may resolve to conduct throughout the course of 2023, and which valuation may in turn affect profitability and other balance sheet values including the value of the investment property represented therein.

It is to be noted that profitability after tax for 2023 is being projected to differ materially from that in 2022 by reason of group-wide related tax relief from which the Company benefitted in 2022. Also, administrative expenses - whilst still contained and minimal relative to total revenue generated - are expected to rise by over 10% in 2023 to reflect continued inflationary pressures.

Finally, whilst the Balance Sheet value is not expected to change in any material way, non-current assets consisting in loans receivable from intra-group companies are expected to increase in line with duly sanctioned intra-group loan facilities.

The Company invites investors to account for the fact that the FSFs are prudently elaborated projections that are forward-looking in nature and thus amenable to unknown and possibly aleatory

circumstances yet to take place and that may therefore impact the Company's performance in disparate and currently unforeseen ways.

UNQUOTE

By order of the Board.



Dr Emma Grech

Company Secretary

28 April 2023

HH Finance plc- C 84461**Projected Income Statement for the year ending 31 December 2023**

	2023
	€
Revenue	
Rent from H Hotel	<u>2,070,905</u>
Administrative expenses	
Accountancy fees	(7,186)
Audit fee	(7,645)
Bank charges	(497)
Directors' fees	(52,000)
Miscellaneous fees	(452)
Professional fees	(4,000)
Property Rental	(1,000)
Registration fees	(10,904)
Secreterial fees	(15,000)
	<u>(98,683)</u>
Operating profit	<u>1,972,222</u>
Interest expense	
Effective interest amortisation on related party borrowings	(327,679)
Interest on related party borrowings	(679,000)
Interest on bonds	(250,000)
	<u>(1,256,679)</u>
Interest income	
Credit facility with related party	323,602
Loan interest with related party	42,849
	<u>366,451</u>
Profit before tax	1,081,994
Tax charge for the year *	<u>(393,781)</u>
Profit after tax	<u><u>688,213</u></u>

* Due to group loss relief, HH Finance plc did not incur any tax charge for 2022.

Operating expenses as % of revenue	5%
EBIDTA margin (%)	95%

HH Finance plc
Projected Statement of Financial Position as at 31 December

	2023
	€
Assets	
Non-current assets	
Investment property	39,000,000
Loans receivable	8,025,869
Other receivables	1,776,950
	<u>48,802,819</u>
Current assets	
Other receivables	2,988
Current tax receivable	-
Cash and cash equivalents	353,784
	<u>356,772</u>
Total Assets	<u>49,159,591</u>
Equity and Liabilities	
Capital and reserves	
Share capital	150,000
Retained Earnings	11,550,631
Total Equity	<u>11,700,631</u>
Provision for liabilities and charges	
Deferred tax liabilities	<u>3,741,934</u>
Non-current liabilities	
Amounts owed to the parent company	25,494,645
€5,000,000 bonds 5% 2023-2028	5,000,000
Accrued interest	2,585,860
	<u>33,080,505</u>
Current liabilities	
Trade and other payables	169,228
Taxation payable	467,293
	<u>636,521</u>
Total Liabilities	<u>37,458,960</u>
Total Equity and Liabilities	<u>49,159,591</u>

HH Finance plc
Projected Statement of cashflows for year ending 31 December 2023

	€
Profit for the year	688,213
Cash flows from operating activities	
Increase in trade receivables	(17,312)
Decrease in trade payables	338,501
	<hr/>
Cash inflows from operating activities	1,009,402
	<hr/>
Cash flows from financing activities	
Increase in loan from related parties	327,679
Increase in loans to related parties	(1,205,417)
	<hr/>
Cash outflows from financing activities	(877,738)
	<hr/>
Net increase in cash and cash equivalents	131,664
Cash and cash equivalents at beginning of year	222,120
	<hr/>
Cash and cash equivalents at end of year	353,784
	<hr/>