

# SECURITIES NOTE

Dated 5 December 2022

This document is a Securities Note issued in accordance with the provisions of Chapter 4 of the Capital Markets Rules published by the Malta Financial Services Authority and of the Prospectus Regulation. This Securities Note is issued pursuant to the requirements of Rule 4.14 of the Capital Markets Rules and contains information about the Bonds. Application has been made for the admission to listing of the Bonds on the Official List of the Malta Stock Exchange. This Securities Note should be read in conjunction with the most updated Registration Document issued from time to time containing information about the Issuer.

In respect of an issue of  
**€17,000,000 6% Unsecured Bonds 2033**  
of a nominal value of €100 per Bond issued at par by



## PHARMACARE FINANCE PLC

a public limited liability company registered in Malta  
with company registration number C 86057

GUARANTEED\* by Pharmacare Premium Limited (C 45245)

ISIN: MT0002011212

*\*Prospective investors are to refer to the Guarantee contained in Annex I of this Securities Note for a description of the scope, nature and terms of the Guarantee. Reference should also be made to the sections entitled "Risk Factors" contained in the Prospectus for a discussion of certain risk factors which should be considered by prospective investors in connection with the Bonds and the Guarantee provided by the Guarantor.*

**THIS SECURITIES NOTE HAS BEEN APPROVED BY THE MALTA FINANCIAL SERVICES AUTHORITY AS THE COMPETENT AUTHORITY UNDER THE PROSPECTUS REGULATION. THE MALTA FINANCIAL SERVICES AUTHORITY ONLY APPROVES THE PROSPECTUS AS MEETING THE STANDARDS OF COMPLETENESS, COMPREHENSIBILITY AND CONSISTENCY IMPOSED BY THE PROSPECTUS REGULATION. SUCH APPROVAL SHALL NOT BE CONSIDERED AS AN ENDORSEMENT OF THE QUALITY OF THE SECURITIES THAT ARE THE SUBJECT OF THIS SECURITIES NOTE. INVESTORS SHOULD MAKE THEIR OWN ASSESSMENT AS TO THE SUITABILITY OF INVESTING IN THE SECURITIES THAT ARE THE SUBJECT OF THIS SECURITIES NOTE.**

**THE MALTA FINANCIAL SERVICES AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM, OR IN RELIANCE UPON, THE WHOLE OR ANY PART OF THE CONTENTS OF THE PROSPECTUS, INCLUDING ANY LOSSES INCURRED BY INVESTING IN THE SECURITIES.**

**A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK INDEPENDENT FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY LISTED FINANCIAL INSTRUMENTS. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS IN INVESTING IN THE SECURITIES OF AN ISSUER AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN INDEPENDENT FINANCIAL ADVISER.**

Legal Counsel



Sponsor, Manager & Registrar



APPROVED BY THE DIRECTORS

A blue ink signature of Hani Sarraf.

Hani Sarraf

A blue ink signature of Amin Farah.

Amin Farah

In their capacity as Directors of the Company and for and on behalf of Bassim S.F. Khoury Nasr, Marisa Tanti, Mark Vassallo and Louis Borg Manché.

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## IMPORTANT INFORMATION

THIS SECURITIES NOTE CONSTITUTES PART OF THE PROSPECTUS DATED 5 DECEMBER 2022 AND CONTAINS INFORMATION ABOUT PHARMACARE FINANCE PLC IN ITS CAPACITY AS ISSUER, ABOUT PHARMACARE PREMIUM LIMITED IN ITS CAPACITY AS GUARANTOR AND ABOUT THE BONDS IN ACCORDANCE WITH THE REQUIREMENTS OF THE CAPITAL MARKETS RULES ISSUED BY THE MALTA FINANCIAL SERVICES AUTHORITY, THE COMPANIES ACT AND THE PROSPECTUS REGULATION, AND SHOULD BE READ IN CONJUNCTION WITH THE REGISTRATION DOCUMENT ISSUED BY THE ISSUER.

THIS SECURITIES NOTE SETS OUT THE CONTRACTUAL TERMS UNDER WHICH THE BONDS ARE ISSUED BY THE ISSUER AND ACQUIRED BY A BONDHOLDER, WHICH TERMS SHALL REMAIN BINDING UNTIL THE REDEMPTION DATE OF THE BONDS, UNLESS THEY ARE OTHERWISE CHANGED IN ACCORDANCE WITH SUB-SECTION 6.18 OF THIS SECURITIES NOTE.

THE INFORMATION CONTAINED HEREIN IS BEING MADE AVAILABLE IN CONNECTION WITH AN ISSUE BY THE COMPANY OF A MAXIMUM OF €17 MILLION UNSECURED BONDS 2032 OF A NOMINAL VALUE OF €100 EACH. THE BONDS SHALL BE ISSUED AT PAR AND BEAR INTEREST AT THE RATE OF 6% *PER ANNUM* PAYABLE ANNUALLY IN ARREARS ON 3 FEBRUARY OF EACH YEAR UNTIL THE REDEMPTION DATE, WITH THE FIRST INTEREST PAYMENT FALLING DUE ON 3 FEBRUARY 2024. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL AT MATURITY ON 3 FEBRUARY 2033. THE BOND ISSUE IS GUARANTEED JOINTLY AND SEVERALLY BY THE GUARANTOR.

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE ISSUER, THE GUARANTOR OR THEIR RESPECTIVE DIRECTORS TO ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE SALE OF SECURITIES OF THE ISSUER, OTHER THAN THOSE CONTAINED IN THIS SECURITIES NOTE AND IN THE DOCUMENTS REFERRED TO HEREIN, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE ISSUER, THE GUARANTOR OR THEIR RESPECTIVE DIRECTORS OR ADVISERS.

**THE MALTA FINANCIAL SERVICES AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM, OR IN RELIANCE UPON, THE WHOLE OR ANY PART OF THE CONTENTS OF THE PROSPECTUS.**

THE PROSPECTUS DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR PURPOSES OF, AN OFFER OR INVITATION TO SUBSCRIBE FOR SECURITIES ISSUED BY THE ISSUER BY ANY PERSON IN ANY JURISDICTION: (I) IN WHICH SUCH OFFER OR INVITATION IS NOT AUTHORISED; OR (II) IN WHICH THE PERSON MAKING SUCH OFFER OR INVITATION IS NOT QUALIFIED TO DO SO; OR (III) TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION. THE DISTRIBUTION OF THE PROSPECTUS IN CERTAIN JURISDICTIONS MAY BE RESTRICTED AND, ACCORDINGLY, PERSONS INTO WHOSE POSSESSION IT IS RECEIVED ARE REQUIRED TO INFORM THEMSELVES ABOUT, AND TO OBSERVE, SUCH RESTRICTIONS.

THE PROSPECTUS AND THE OFFERING, SALE OR DELIVERY OF ANY BONDS MAY NOT BE TAKEN AS AN IMPLICATION: (I) THAT THE INFORMATION CONTAINED IN THE PROSPECTUS IS ACCURATE AND COMPLETE SUBSEQUENT TO ITS DATE OF ISSUE; OR (II) THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN THE FINANCIAL POSITION OF THE ISSUER OR THE GUARANTOR SINCE SUCH DATE; OR (III) THAT ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE PROSPECTUS IS ACCURATE AT ANY TIME SUBSEQUENT TO THE DATE ON WHICH IT IS SUPPLIED OR, IF DIFFERENT, THE DATE INDICATED IN THE DOCUMENT CONTAINING THE SAME.

A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK INDEPENDENT FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY FINANCIAL INSTRUMENTS. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN THE SECURITIES OF AN ISSUER AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN INDEPENDENT PROFESSIONAL ADVISERS AS TO LEGAL, TAX, INVESTMENT OR ANY OTHER RELATED MATTERS CONCERNING THE BONDS AND THE PROSPECTUS.

IT IS THE RESPONSIBILITY OF ANY PERSON IN POSSESSION OF THE PROSPECTUS AND ANY PERSONS WISHING TO APPLY FOR ANY SECURITIES ISSUED BY THE ISSUER TO INFORM THEMSELVES OF, AND TO OBSERVE AND COMPLY WITH, ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTION. PROSPECTIVE INVESTORS FOR ANY SECURITIES THAT MAY BE ISSUED BY THE ISSUER SHOULD INFORM THEMSELVES AS TO THE LEGAL

REQUIREMENTS OF SO APPLYING FOR ANY SUCH SECURITIES AND OF ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS AND TAXES IN THE COUNTRIES OF THEIR NATIONALITY, RESIDENCE OR DOMICILE.

SAVE FOR THE PUBLIC OFFERING IN THE REPUBLIC OF MALTA, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER THAT WOULD PERMIT A PUBLIC OFFERING OF THE SECURITIES DESCRIBED IN THIS SECURITIES NOTE OR THE DISTRIBUTION OF THE PROSPECTUS (OR ANY PART THEREOF) OR ANY OFFERING MATERIAL IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED.

IN RELATION TO EACH MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (OTHER THAN MALTA) THE BONDS CAN ONLY BE OFFERED TO "QUALIFIED INVESTORS" (AS DEFINED IN THE PROSPECTUS REGULATION), AS WELL AS IN ANY OTHER CIRCUMSTANCES WHICH DO NOT REQUIRE THE PUBLICATION BY THE ISSUER OF A PROSPECTUS PURSUANT TO ARTICLE 3 OF THE PROSPECTUS REGULATION.

THE BONDS HAVE NOT BEEN, NOR WILL THEY BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT, 1933 AS AMENDED, OR UNDER ANY FEDERAL OR STATE SECURITIES LAW AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES OF AMERICA, ITS TERRITORIES OR POSSESSIONS, OR ANY AREA SUBJECT TO ITS JURISDICTION (THE "U.S.") OR TO OR FOR THE BENEFIT OF, DIRECTLY OR INDIRECTLY, ANY U.S. PERSON (AS DEFINED IN REGULATION "S" OF THE SAID ACT). FURTHERMORE, THE ISSUER WILL NOT BE REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT, 1940, AS AMENDED, AND INVESTORS WILL NOT BE ENTITLED TO THE BENEFITS SET OUT THEREIN.

A COPY OF THE PROSPECTUS HAS BEEN SUBMITTED TO THE MFSA IN SATISFACTION OF THE CAPITAL MARKETS RULES, TO THE MALTA STOCK EXCHANGE IN SATISFACTION OF THE MALTA STOCK EXCHANGE BYE-LAWS AND HAS BEEN DULY FILED WITH THE REGISTRAR OF COMPANIES IN ACCORDANCE WITH THE COMPANIES ACT.

**IN TERMS OF ARTICLE 12(1) OF THE PROSPECTUS REGULATION, THE PROSPECTUS SHALL REMAIN VALID FOR A PERIOD OF 12 MONTHS FROM THE DATE OF THE APPROVAL OF THE PROSPECTUS BY THE MALTA FINANCIAL SERVICES AUTHORITY. THE ISSUER IS OBLIGED TO PUBLISH A SUPPLEMENT ONLY IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKE OR MATERIAL INACCURACY RELATING TO THE INFORMATION SET OUT IN THE PROSPECTUS WHICH MAY AFFECT THE ASSESSMENT OF THE SECURITIES AND WHICH ARISES OR IS NOTED BETWEEN THE TIME WHEN THE PROSPECTUS IS APPROVED AND THE CLOSING OF THE ISSUE PERIOD OR THE TIME WHEN TRADING ON A REGULATED MARKET COMMENCES, WHICHEVER OCCURS LATER. THE OBLIGATION TO SUPPLEMENT THE PROSPECTUS IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKES OR MATERIAL INACCURACIES DOES NOT APPLY WHEN THE PROSPECTUS IS NO LONGER VALID.**

**STATEMENTS MADE IN THIS SECURITIES NOTE ARE, EXCEPT WHERE OTHERWISE STATED, BASED ON THE LAW AND PRACTICE CURRENTLY IN FORCE IN MALTA AND ARE SUBJECT TO CHANGES THEREIN.**

UNLESS OTHERWISE STATED, THE CONTENTS OF THE ISSUER'S WEBSITE OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE ISSUER'S WEBSITE DO NOT FORM PART OF THE PROSPECTUS. ACCORDINGLY, NO RELIANCE OUGHT TO BE MADE BY ANY INVESTOR ON ANY INFORMATION OR OTHER DATA CONTAINED IN SUCH WEBSITE AS THE BASIS FOR A DECISION TO INVEST IN THE BONDS.

THE ISSUER DISCLAIMS ANY AND ALL RESPONSIBILITY FOR ANY DEALINGS MADE, REPRESENTATIONS GIVEN, PROCESSES ADOPTED, FUNDS COLLECTED OR APPLICATIONS ISSUED BY AUTHORISED INTERMEDIARIES IN THEIR EFFORT TO PLACE OR RE-SELL THE BONDS SUBSCRIBED BY THEM.

ALL THE ADVISERS TO THE ISSUER NAMED IN SUB-SECTION 4.4 OF THE REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER IN RELATION TO THIS PUBLIC OFFER AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL, ACCORDINGLY, NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS.

**THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL UPON MATURITY. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THE PROSPECTUS AS A WHOLE AND SHOULD CONSULT THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISERS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BONDS.**

## 1 DEFINITIONS

Words and expressions and capitalized terms used in this Securities Note, shall, except where the context otherwise requires and except where otherwise defined herein, bear the same meaning as the meaning given to such words, expressions and capitalized terms as indicated in the Registration Document forming part of the Prospectus. In this Securities Note the following words and expressions shall bear the following meanings whenever such words and expressions are used in their capitalised form, except where the context otherwise requires:

<b>Applicant/s</b>	any person or persons, natural or legal, who subscribes for the Bonds;
<b>Application/s</b>	the application to subscribe for Bonds made by an Applicant/s through any of the Authorised Intermediaries (which include the Sponsor, Manager & Registrar) in accordance with the terms of this Securities Note;
<b>Bond Issue Price</b>	the price of €100 per Bond;
<b>Business Day</b>	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
<b>CET</b>	Central European Time;
<b>CSD</b>	the Central Securities Depository of the Malta Stock Exchange authorised in terms of Part IV of the Financial Markets Act (Chapter 345 of the laws of Malta), having its address at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
<b>Cut-Off Date</b>	close of business on 20 December 2022 (trading session of 16 December 2022);
<b>Existing Pharmacare Prospects MTF Bondholders</b>	holders of the 2018 Prospects MTF Bonds (as defined in the Registration Document) appearing on the applicable register held at the CSD as at the Cut-Off Date;
<b>GDPR</b>	Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC;
<b>Interest Payment Date</b>	3 February of each year between and including each of the years 2024 and the year 2033, provided that if any such day is not a Business Day such Interest Payment Date will be carried over to the next following day that is a Business Day;
<b>Intermediaries' Offer</b>	an offer for subscription of Bonds made by the Issuer to the Authorised Intermediaries through subscription agreements as further detailed in sub-section 6.3 of this Securities Note;
<b>Issue Date</b>	expected on 3 February 2023;
<b>Issue Period</b>	the period between 08:30 hours CET on 4 January 2023 and 12:00 hours CET on 20 January 2023 during which the Bonds are available for subscription (or such earlier date as may be determined by the Issuer);
<b>MiFIR</b>	Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments;
<b>Redemption Value</b>	the nominal value of each Bond (€100 per Bond); and
<b>Terms and Conditions</b>	the terms and conditions of the Bonds, set out in sub-section 5.3 ( <i>'Issue Statistics'</i> ), section 6 ( <i>'Information concerning the Bonds'</i> ) and section 8 ( <i>'Terms and Conditions of the Bond Issue'</i> ) of this Securities Note.

All references in the Prospectus to “Malta” are to the “Republic of Malta”.

Unless it appears otherwise from the context:

- a. words importing the singular shall include the plural and *vice-versa*;
- b. words importing the masculine gender shall include the feminine gender and *vice-versa*;
- c. the word “may” shall be construed as permissive and the word “shall” shall be construed as imperative;
- d. any reference to a person includes natural persons, firms, partnerships, companies, corporations, associations, organisations, governments, states, foundations or trusts;
- e. any reference to a person includes that person’s legal personal representatives, successors and assigns;
- f. any phrase introduced by the terms “including”, “include”, “in particular” or any similar expression is illustrative only and does not limit the sense of the words preceding those terms; and
- g. any reference to a law, legislative act and/or other legislation shall mean that particular law, legislative act and/or legislation as in force at the time of publication of this Securities Note.

## 2 RISK FACTORS

**THE VALUE OF INVESTMENTS, INCLUDING THE BONDS, CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE.**

**THE NOMINAL VALUE OF THE BONDS IS REPAYABLE IN FULL UPON MATURITY, UNLESS THE BONDS ARE PREVIOUSLY RE-PURCHASED AND CANCELLED. THE ISSUER SHALL REDEEM THE BONDS ON THE REDEMPTION DATE.**

**AN INVESTMENT IN THE BONDS INVOLVES CERTAIN RISKS, INCLUDING THOSE DESCRIBED BELOW. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER, WITH THEIR OWN PROFESSIONAL ADVISERS, THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS, AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THE PROSPECTUS, BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BONDS. SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND THE ISSUER IS NOT IN A POSITION TO EXPRESS ANY VIEWS ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING.**

**THE SEQUENCE IN WHICH THE RISKS BELOW ARE LISTED IS INTENDED TO BE INDICATIVE OF THE ORDER OF PRIORITY AND OF THE EXTENT OF THEIR CONSEQUENCES. PROSPECTIVE INVESTORS ARE HEREBY CAUTIONED THAT THE OCCURRENCE OF ANY ONE OR MORE OF THE RISKS SET OUT BELOW COULD HAVE A MATERIAL ADVERSE EFFECT ON THE GROUP’S BUSINESS, RESULTS OF OPERATIONS AND FINANCIAL CONDITION AND COULD, THEREBY, NEGATIVELY AFFECT THE ABILITY OF THE ISSUER TO MEET ITS OBLIGATIONS IN CONNECTION WITH THE PAYMENT OF INTEREST ON THE BONDS AND REPAYMENT OF PRINCIPAL WHEN DUE AND OF THE GUARANTOR TO HONOUR ITS OBLIGATIONS UNDER THE GUARANTEE.**

**NEITHER THIS SECURITIES NOTE, NOR ANY OTHER PARTS OF THE PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE BONDS: (I) IS INTENDED TO PROVIDE THE BASIS OF ANY CREDIT OR OTHER EVALUATION, NOR (II) SHOULD BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER, THE GUARANTOR, THE SPONSOR, MANAGER & REGISTRAR OR AUTHORISED INTERMEDIARIES THAT ANY RECIPIENT OF THIS SECURITIES NOTE OR ANY OTHER PART OF THE PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE PROSPECTUS OR ANY BONDS, SHOULD PURCHASE ANY BONDS ISSUED BY THE ISSUER.**

**ACCORDINGLY, PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN INDEPENDENT EVALUATION OF ALL RISK FACTORS AND SHOULD CONSIDER ALL OTHER SECTIONS IN THIS DOCUMENT.**

### 2.1 Forward-looking statements

This Securities Note contains forward-looking statements which include, among others, statements concerning matters that are not historical facts and which may involve projections of future circumstances. These statements by their nature involve a number of risks, uncertainties and assumptions, a few of which are beyond the Issuer’s control, and important factors that could cause actual risks to differ materially from the expectations of the Issuer’s Directors. Such forecasts and projections do not bind the Issuer with respect to future results and no assurance can be given that future results or expectations covered by such forward-looking statements will be achieved.



## 2.2 Suitability of the Bonds

An investment in the Issuer and the Bonds may not be suitable for all recipients of the Prospectus and prospective investors are urged to consult an independent investment adviser licensed under the Investment Services Act (Chapter 370 of the laws of Malta) as to the suitability or otherwise of an investment in the Bonds before making an investment decision. In particular, such advice should be sought with a view to ascertaining that each prospective investor:

- i. has sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference to the Prospectus or any applicable supplement;
- ii. has sufficient financial resources and liquidity to bear all the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the prospective investor's currency;
- iii. understands thoroughly the terms of the Bonds and is familiar with the behaviour of any relevant indices and financial markets;
- iv. is able to evaluate possible scenarios for economic, interest rate and other factors that may affect his/her/its investment and his/her/its ability to bear the applicable risks; and
- v. is able to assess as to whether an investment in the Bonds shall achieve his/her/its investment objective.

## 2.3 Risks relating to the Bonds

An investment in the Bonds involves certain risks including, but not limited to, those described below:

- The impact of COVID-19, and other infectious illness outbreaks that may arise in the future, could adversely affect the economies of many nations or the entire global economy, individual issuers and capital markets generally in ways that cannot necessarily be foreseen. The existence of an orderly and liquid market for the Bonds depends on a number of factors including, but not limited to, the presence of willing buyers and sellers of the Issuer's bonds at any given time. Such factors are dependent upon the individual decisions of investors and the general economic conditions of the market in which the Bonds are traded, over which the Issuer has no control. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance that an investor will be able to sell or otherwise trade in the Bonds at or above the Bond Issue Price, or at all.
- Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds. Investors should also be aware that the price of fixed rate bonds should theoretically move adversely to changes in interest rates. When prevailing market interest rates are rising their prices decline and, conversely, if market interest rates are declining, the prices of fixed rate bonds rise. This is called market risk since it arises only if a Bondholder decides to sell the Bonds before maturity on the secondary market.
- In view of the current inflationary environment, investment in the Bonds involves the risk that rising inflation on real rates of return in relation to coupon payments as well as secondary market prices may have an adverse impact on the value of the Bonds, such that increasing rates of inflation could have an adverse effect on the return on the Bonds in real terms.
- Even after the Bonds are admitted to trading on the Official List of the MSE, the Issuer is required to remain in compliance with certain requirements relating, *inter alia*, to the free transferability, clearance and settlement of the Bonds in order to remain a listed company in good standing. Moreover, the MFSA has the authority to suspend trading or listing of the Bonds if, *inter alia*, it comes to believe that such a suspension is required for the protection of investors or the integrity or reputation of the market. The MFSA may discontinue the listing of the Bonds on the Official List. Any such trading suspensions or listing revocations / discontinuations could have a material adverse effect on the liquidity and value of the Bonds.
- In the event that the Issuer wishes to amend any of the Terms and Conditions of the Bonds it shall call a meeting of Bondholders in accordance with the provisions of sub-section 6.18 of this Securities Note.



These provisions permit defined majorities to bind all Bondholders, including Bondholders who do not attend and vote at the relevant meeting and Bondholders who vote in a manner contrary to the majority. Furthermore, in terms of the Guarantee, the Guarantor has the power to veto a decision by the Bondholders, taken at a Bondholders' meeting duly convened and held, to amend or waive the Terms and Conditions of the Bonds which are issued with the benefit of its Guarantee, in cases in which such amendment or waiver may give rise to changes in: (i) the amount payable by the Guarantor under the Guarantee; (ii) the term and/or frequency of such payments; (iii) the Events of Default listed in sub-section 6.15 of this Securities Note; and/or (iv) any other term which may otherwise increase the exposure of the Guarantor to the enforcement of the Guarantee. In the event that the Guarantor were to exercise such right of veto, the proposed amendment to, or waiver of, the Terms and Conditions would not be put into effect.

- A Bondholder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the Bondholder's currency of reference, if different. Any adverse fluctuations may impair the return of investment of the Bondholder in real terms after taking into account the relevant exchange rate.
- No prediction can be made about the effect which any future public offerings of the Issuer's securities, or any takeover or merger activity involving the Issuer, will have on the market price of the Bonds prevailing from time to time. If such changes take place, they could have an adverse effect on the market price for the Bonds.
- The Bonds and the Terms and Conditions of the Bond Issue are based on the requirements of the Capital Markets Rules, the Companies Act and the Prospectus Regulation in effect as at the date of the Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in law or administrative practice after the date of the Prospectus.

## 2.4 Risks relating to the Guarantee

- The Bonds, as and when issued and allotted, shall constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall be guaranteed in respect of both the interest due and the principal amount under said Bonds by the Guarantor. The Bonds shall, at all times, rank *pari passu* without any priority or preference among themselves and with other outstanding and unsecured debt of the Issuer, present and future, if any, save for such exceptions as may be provided by applicable law. Furthermore, subject to the negative pledge clause set out in sub-section 6.7 of this Securities Note, third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer for so long as such security interests remain in effect, which registration may further impede the ability of the Bondholders to recover their investment upon enforcement of such security interests, whether in full or in part.
- In view of the fact that the Bonds are being guaranteed by the Guarantor on a joint and several basis, the Bondholders shall be entitled to request the Guarantor to pay both the interest due and the principal amount under said Bonds if the Issuer fails to meet any amount when due in terms of the Prospectus. The Guarantee also entitles the Bondholders to take action against the Guarantor without having to first take action against the Issuer, if the Issuer fails to pay any sum payable by it to Bondholders pursuant to the Terms and Conditions of the said Bonds. The strength of this undertaking on the part of the Guarantor and, therefore, the level of recoverability by the Bondholders from the Guarantor of any amounts due under any of the Bonds, is dependent upon and directly linked to the financial position and solvency of the Guarantor.

## 3 PERSONS RESPONSIBLE

This Securities Note includes information given in compliance with the Capital Markets Rules for the purpose of providing prospective investors with information with regard to the Issuer, the Guarantor and the Bonds. Amin Farah, Bassim S. F. Khoury Nasr, Hani Sarraf, Louis Borg Manche', Marisa Tanti and Mark Vassallo, being all of the Directors of the Issuer as further detailed in sub-section 4.1 of the Registration Document, accept responsibility for the information contained in the Prospectus.

To the best of the knowledge and belief of the Directors of the Issuer, who have taken all reasonable care to ensure that such is the case, the information contained in this Securities Note is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors hereby accept responsibility accordingly.

## 4 CONSENT FOR USE OF THE PROSPECTUS & AUTHORISATION STATEMENT

### 4.1 Consent required in connection with use of the Prospectus by Authorised Intermediaries

For the purposes of any subscription for Bonds through any of the Authorised Intermediaries in terms of this Securities Note and any subsequent resale, placement or other offering of Bonds by such Authorised Intermediaries in circumstances where there is no exemption from the requirement to publish a prospectus under the Prospectus Regulation, the Issuer consents to the use of the Prospectus (and accepts responsibility for the information contained herein in accordance with the terms hereof) with respect to any such subsequent resale, placement or other offering of Bonds, provided this is limited only:

- a) in respect of Bonds subscribed for through Authorised Intermediaries;
- b) to any resale, placement or other offering of Bonds subscribed for as aforesaid, taking place in Malta; and
- c) to any resale, placement or other offering of Bonds subscribed for as aforesaid, taking place within the period of 60 days from the date of the Prospectus.

There are no other conditions attached to the consent given by the Issuer hereby which are relevant for the use of the Prospectus.

All information on the Terms and Conditions of the Bonds which is offered to any prospective investor by Authorised Intermediaries is to be provided by such Authorised Intermediaries to the prospective investor prior to such investor subscribing to any Bonds. Any interested investor has the right to request that Authorised Intermediaries provide the investor with all and any information on the Prospectus, including the Terms and Conditions of the Bonds.

Neither the Issuer nor the Guarantor, or any of their respective advisers, accept any responsibility for any actions of any Authorised Intermediary, including their compliance with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to a resale, placement or other offering of Bonds.

Other than as set out above, neither the Issuer nor the Sponsor, Manager & Registrar have authorised (nor do they authorise or consent to the use of the Prospectus in connection with) the making of any public offer of the Bonds by any person in any circumstances. Any such unauthorised offers are not made on behalf of the Issuer or the Sponsor, Manager & Registrar and neither the Issuer nor the Sponsor, Manager & Registrar have any responsibility or liability for the actions of any person making such offers.

Prospective investors should enquire whether an intermediary is considered to be an Authorised Intermediary in terms of the Prospectus. If the prospective investor is in doubt as to whether it can rely on the Prospectus and/or who is responsible for its contents, the investor should obtain legal advice in that regard.

No person has been authorised to give any information or to make any representation not contained in or inconsistent with the Prospectus. If given or made, such information and/or representation must not be relied upon as having been authorised by the Issuer. The Issuer does not accept responsibility for any information not contained in the Prospectus.

**In the event of a resale, placement or other offering of Bonds by an Authorised Intermediary, said Authorised Intermediary shall be responsible to provide information to prospective investors on the terms and conditions of the resale, placement or other offering at the time such is made.**

Any resale, placement or offering of Bonds to an investor by an Authorised Intermediary will be made in accordance with any terms and other arrangements in place between such Authorised Intermediary and such investor, including price, allocations and settlement arrangements. Where such information is not contained in the Prospectus, it will be the responsibility of the relative Authorised Intermediary at the time of such resale, placement or other offering to provide the prospective investor with that information and the Issuer does not have any responsibility or liability for such information.

**Any Authorised Intermediary using the Prospectus in connection with a resale, placement or other offering of Bonds subsequent to the Bond Issue shall, limitedly for the period of 60 days from the date of the Prospectus, publish on its website a notice to the effect that it is using the Prospectus for such resale or placement in accordance with the consent of the Issuer and the conditions attached thereto. The consent provided herein shall no longer apply following the lapse of such period.**

Any new information with respect to Authorised Intermediaries unknown at the time of the approval of this Securities Note will be made available through a company announcement which will also be made available on the Issuer's website: [www.pharmacarefinance.com](http://www.pharmacarefinance.com).

## 4.2 Statement of authorisation

This Securities Note has been approved by the Malta Financial Services Authority, as the competent authority under the Prospectus Regulation. The Malta Financial Services Authority only approves this Securities Note as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the quality of the securities that are the subject of this Securities Note. Investors should make their own assessment as to the suitability of investing in the Bonds.

## 5 KEY INFORMATION

### 5.1 Reasons for the Bond Issue and use of proceeds

The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €16,650,000, will be on-lent by the Issuer to the Guarantor, pursuant to a loan agreement to be entered into between the Issuer and the Guarantor for the purpose, and will be utilised for the following purposes, in the following amounts and order of priority:

1. an amount of *circa* €5,200,000 of the Bond Issue net proceeds will be used by the Issuer for the redemption of the outstanding amount of 2018 Prospects MTF Bonds remaining in issue as at or about 3 February 2023 (including payment of interest thereon and of the Redemption Premium detailed in sub-section 6.1.7 below), being the expected date of redemption of the 2018 Prospects MTF Bonds as determined by the Issuer and duly notified to Existing Pharmacare Prospects MTF Bondholders;
2. an amount of *circa* €3,600,000 of the Bond Issue net proceeds will be used for the purpose of part-financing the capacity expansion of the Group's laboratory and pilot-scale formulation within the existing facility in Hal Far, Malta and investment in property, plant and equipment ancillary to the Group's operations, as described in sub-section 5.5.1 of the Registration Document;
3. an amount of *circa* €3,800,000 of the Bond Issue net proceeds will be used for the purpose of part-financing further product development projects, as described in sub-section 5.5.2 of the Registration Document; and
4. the remaining balance of the Bond Issue net proceeds in an amount of *circa* €4,050,000 will be used for the general corporate funding purposes of the Group.

In the event that the Bond Issue is subscribed for an amount of less than €12,600,000 (the "Minimum Amount"), no allotment of the Bonds shall be made, the subscription of Bonds shall be deemed not to have been accepted by the Issuer and all money received from Authorised Intermediaries shall be returned by the Issuer, acting

through the Sponsor, Manager & Registrar, without interest, by direct credit transfer to the respective Authorised Intermediary to the account number indicated in the respective subscription agreement by latest 3 February 2023. Neither the Issuer nor the Sponsor, Manager & Registrar will be responsible for any loss or delays in transmission of the refunds or any charges in connection therewith. In this regard, any monies returnable to Authorised Intermediaries may be retained pending clearance of the remittance and any verification of identity as required by the Prevention of Money Laundering Act (Chapter 373 of the laws of Malta) and regulations made thereunder. Such monies will not bear interest while retained as aforesaid. In the event that the Minimum Amount is not reached as aforesaid there shall be no redemption of the 2018 Prospects MTF Bonds, which 2018 Prospects MTF Bonds shall remain in full force and effect in accordance with the terms and conditions applicable thereto set out in the Company Admission Document.

In the event that the Minimum Amount is reached but the Bond Issue is not fully subscribed, the Issuer will proceed with the allotment and listing of the amount of Bonds subscribed for equal to or above the Minimum Amount and the proceeds from the Bond Issue shall be applied for the purpose and in the order of priority set out above. The residual amount required by the Issuer for the purpose of the uses specified in this sub-section 5.1 which shall not have been raised through the Bond Issue shall be financed from the Group's own funds, bank financing and/or shareholders' funding.

The issue and allotment of the Bonds is conditional upon: (i) the Minimum Amount of €12,600,000 being subscribed for; (ii) the Guarantee being granted in terms of Annex I to this Securities Note; (iii) the Issuer obtaining the approval of the Existing Pharmacare Prospects MTF Bondholders for the early redemption of the 2018 Prospects MTF Bonds pursuant to a meeting called for the purpose in terms of the Company Admission Document, as well as the written approval of the MSE (as detailed in sub-section 6.1.8 below); and (iv) the Bonds being admitted to the Official List. In the event that any one or more of the aforesaid conditions is not satisfied the Sponsor, Manager & Registrar shall return the proceeds of the Bond Issue to Applicants.

## 5.2 Estimated expenses and proceeds of the Bond Issue

The Bond Issue will involve expenses, including professional fees and costs related to publicity, advertising, printing, listing, registration, sponsor, management, selling commission and other miscellaneous costs incurred in connection with the Bond Issue. Such expenses, which shall be borne by the Issuer, are estimated not to exceed approximately €350,000, with approximately €212,500 being attributed to selling commission fees and approximately €137,500 to professional, MSE, regulatory and ancillary fees. The amount of the expenses will be deducted from the proceeds of the Issue, which, accordingly, will bring the estimated net proceeds from the Bond Issue to approximately €16,650,000. There is no particular order of priority with respect to such expenses.

## 5.3 Issue statistics

<b>Amount:</b>	€17 million;
<b>Bond Issue or Issue:</b>	the issue of a maximum of €17 million unsecured Bonds due in 2032 denominated in Euro having a nominal value of €100 each, which will be issued by the Issuer at par and shall bear interest at the rate of 6% <i>per annum</i> , redeemable on 3 February 2033;
<b>Bond Issue Price:</b>	at par (€100 per Bond);
<b>Denomination:</b>	Euro (€);
<b>Events of Default:</b>	the events listed in sub-section 6.15 of this Securities Note;
<b>Form:</b>	the Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD;
<b>Governing law and jurisdiction:</b>	the Prospectus and the Bonds are governed by and shall be construed in accordance with Maltese law. The Maltese Courts shall have exclusive

	jurisdiction to settle any disputes that may arise out of or in connection with the Prospectus and/or the Bonds;
<b>Interest:</b>	the Bonds shall bear interest from and including 3 February 2023 at the rate of six per cent (6%) <i>per annum</i> payable annually in arrears on the Interest Payment Dates;
<b>Interest Payment Date:</b>	annually on the 3 February of each year between and including each of the years 2024 and 2033, as from 3 February 2024 (the first interest payment date), provided that any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day;
<b>Intermediaries' Offer:</b>	the balance of the Bonds not subscribed to by Existing Pharmacare Prospects MTF Bondholders by means of a 2018 Prospects MTF Bond Transfer, subject to a Cash Top-Up, as and if applicable, as contemplated in sub-section 6.2 below shall be offered for subscription by Authorised Intermediaries participating in the Intermediaries' Offer as set out in sub-section 6.3 of this Securities Note. In the event that the aggregate of subscriptions received from Authorised Intermediaries pursuant to subscription agreements in terms of the Intermediaries' Offer is in excess of the amount of Bonds available for subscription, the Issuer (acting through the Registrar) shall scale down each subscription agreement received from Authorised Intermediaries in accordance with the allocation policy to be issued in terms of sub-section 6.5 of this Securities Note;
<b>ISIN:</b>	MT0002011212;
<b>Issue Period:</b>	the period between 08:30 hours CET on 4 January 2023 and 12:00 hours CET on 20 January 2023 (or such earlier date as may be determined by the Issuer) during which the Bonds are available for subscription;
<b>Listing:</b>	the Malta Financial Services Authority has approved the Bonds for admissibility to listing and subsequent trading on the Official List. Application has been made to the Malta Stock Exchange for the Bonds to be listed and traded on its Official List;
<b>Minimum amount:</b>	should subscriptions for a total of at least €12,600,000 (the "Minimum Amount") not be received, no allotment of the Bonds shall be made, the Applications for Bonds shall be deemed not to have been accepted by the Issuer and all money received from Applicants for Bonds shall be refunded accordingly;
<b>Minimum amount per Application:</b>	one thousand Euro (€1,000) in nominal value of Bonds and in multiples of one hundred Euro (€100) thereafter per individual Bondholder;
<b>Plan of distribution:</b>	the Bonds are open for subscription by: Existing Pharmacare Prospects MTF Bondholders; and Authorised Intermediaries pursuant to the Intermediaries' Offer in respect of the balance of the Bonds not subscribed to by Existing Pharmacare Prospects MTF Bondholders by means of a 2018 Prospects MTF Bond Transfer, subject to a Cash Top-Up, as and if applicable;
<b>Preferred allocations:</b>	Existing Pharmacare Prospects MTF Bondholders applying for Bonds may elect to settle all or part of the amount due on the Bonds applied for by the transfer to the Issuer of 2018 Prospects MTF Bonds at par value, subject to a minimum Application of €1,000 in Bonds. Any Existing Pharmacare Prospects MTF Bondholders whose holding in 2018 Prospects MTF Bonds is less than €1,000

	<p>shall be required to pay the difference together with the submission of their Application (“<b>Cash Top-Up</b>”).</p> <p>Existing Pharmacare Prospects MTF Bondholders electing to subscribe for Bonds through the transfer to the Issuer of all or part of the 2018 Prospects MTF Bonds held by them as at the Cut-Off Date (including any Cash Top-Up necessary as stated above) (“<b>2018 Prospects MTF Bond Transfer</b>”) shall be allocated Bonds for the corresponding nominal value of 2018 Prospects MTF Bonds transferred to the Issuer (including Cash Top-Up, where applicable). The transfer of 2018 Prospects MTF Bonds to the Issuer in consideration for the subscription for Bonds shall cause the obligations of the Issuer with respect to such 2018 Prospects MTF Bonds to be extinguished and shall give rise to obligations on the part of the Issuer under the Bonds.</p> <p>Bonds applied for by Existing Pharmacare Prospects MTF Bondholders by way of 2018 Prospects MTF Bond Transfer as described above shall be allocated prior to any other allocation of Bonds.</p> <p>An Existing Pharmacare Prospects MTF Bondholder wishing to apply for a number of Bonds exceeding in value the aggregate nominal value of 2018 Prospects MTF Bonds held by him/her/it as at the Cut-Off Date (including Cash Top-Up, where applicable) may subscribe for such additional Bonds in terms of sub-section 6.2 below.</p> <p>The balance of the Bonds not subscribed for by Existing Pharmacare Prospects MTF Bondholders limitedly by means of a 2018 Prospects MTF Bond Transfer shall be made available for subscription: (i) to Existing Pharmacare Prospects MTF Bondholders in respect of any number of additional Bonds applied for other than by 2018 Prospects MTF Bond Transfer exceeding in value the aggregate nominal value of 2018 Prospects MTF Bonds held by them as at the Cut-Off Date (including Cash Top-Up, where applicable), without any priority or preference between them and together with subscriptions received through the Intermediaries’ Offer; and (ii) through the Intermediaries’ Offer;</p>
<b>Redemption Date:</b>	3 February 2033;
<b>Redemption Value:</b>	at par (€100 per Bond);
<b>Status of the Bonds:</b>	the Bonds, as and when issued and allotted, shall constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall be guaranteed jointly and severally by the Guarantor in respect of both the interest due and the principal amount under said Bonds. The Bonds shall, at all times, rank <i>pari passu</i> , without any priority or preference among themselves and with other outstanding and unsecured debt of the Issuer, present and future, if any, save for such exceptions as may be provided by applicable law;
<b>Subscription:</b>	multiples of one hundred Euro (€100); and
<b>Underwriting:</b>	the Bond Issue is not underwritten.

#### 5.4 Interest of natural and legal persons involved in the Issue

Save for the possible subscription for Bonds by Authorised Intermediaries (which include the Sponsor, Manager & Registrar) and any fees payable to Calamatta Cuschieri Investment Services Limited as Sponsor, Manager & Registrar in connection with the Bond Issue, so far as the Issuer is aware no person involved in the Issue has an interest material to the Bond Issue.

## 5.5 Expected timetable of principal events

1	Meeting of Existing Pharmacare Prospects MTF Bondholders	4 January 2023
2	Subscription by Existing Pharmacare Prospects MTF Bondholders and Intermediaries' Offer*	4 January 2023 – 20 January 2023 at 12:00 CET
3	Announcement of basis of acceptance through a company announcement	27 January 2023
4	Refunds of unallocated monies, if any	3 February 2023
5	Dispatch of allotment letters	3 February 2023
6	Expected date of early redemption of the 2018 Prospects MTF Bonds	3 February 2023
7	Expected date of admission of the Bonds to listing	3 February 2023
8	Issue date of the Bonds	3 February 2023
9	Expected date of commencement of trading in the Bonds	6 February 2023
10	Commencement of interest	3 February 2023

\* The Company reserves the right to close the Issue Period before 20 January 2023 at 12:00 hours CET in the event that (i) all Existing Pharmacare Prospects MTF Bondholders have tendered their subscription preference relative to the application for Bonds by way of 2018 Prospects MTF Bond Transfer or have signalled their intention not to elect to avail themselves of the said possibility to exchange their investment in the 2018 Prospects MTF Bonds for an investment in the Bonds, in either case in accordance with the terms of the Prospectus, and (ii) the Bonds are fully subscribed prior to said date and time. In the eventuality that the Issue Period is closed early as aforesaid, some of the events set out above may be brought forward and the Issuer will issue a company announcement accordingly.

## 6 INFORMATION CONCERNING THE BONDS

Each Bond shall be issued on the Terms and Conditions set out in this Securities Note and, by subscribing to or otherwise acquiring the Bonds, the Bondholders are deemed to have knowledge of all the Terms and Conditions of the Bonds hereafter described and to accept and be bound by the said Terms and Conditions.

### 6.1 General

- 6.1.1 Each Bond forms part of a duly authorised issue of 6% unsecured bonds 2033 of a nominal value of €100 per Bond issued by the Issuer at par up to the principal amount of €17,000,000 (except as otherwise provided under sub-section 6.17 "Further Issues" below). The Issue Date of the Bonds is expected to be 3 February 2023. The Bond Issue is guaranteed by Pharmacare Premium Limited (C 45245).
- 6.1.2 The currency of the Bonds is Euro (€).
- 6.1.3 The Bonds shall bear interest at the rate of 6% *per annum* payable annually in arrears on 3 February of each year, with the first interest payment falling due on 3 February 2024 (covering the period between 3 February 2023 and 2 February 2024). Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day.
- 6.1.4 Subject to admission to listing of the Bonds to the Official List, the Bonds are expected to be assigned ISIN: MT0002011212.
- 6.1.5 The Bonds are expected to be listed on the Official List on or about 3 February 2023 and dealing can be expected to commence thereafter. Dealing may commence prior to notification of the amount allotted being issued to Applicants.
- 6.1.6 All outstanding Bonds not previously purchased and cancelled shall be redeemed by the Issuer at par (together with accrued interest up to the date fixed for redemption) on the Redemption Date.
- 6.1.7 Upon redemption of the 2018 Prospects MTF Bonds, all Existing Pharmacare Prospects MTF Bondholders will be afforded a premium in the form of payment of a redemption price of one Euro (€1) per 2018 Prospects MTF Bond held as at the Cut-Off Date (the "Redemption Premium"). Existing Pharmacare Prospects MTF Bondholders will be entitled to have the Redemption Premium settled in



cash upon redemption of the 2018 Prospects MTF Bonds (by direct credit into the Existing Pharmacare Prospects MTF Bondholder's bank account).

- 6.1.8 The Issuer shall be obtaining the approval of the Existing Pharmacare Prospects MTF Bondholders for the early redemption of the 2018 Prospects MTF Bonds pursuant to a meeting called for the purpose in terms of the Company Admission Document. In terms of the Company Admission Document, a meeting of the Existing Pharmacare Prospects MTF Bondholders for the purpose of considering the early redemption of the 2018 Prospects MTF Bonds is called by the Directors of the Issuer by giving all Existing Pharmacare Prospects MTF Bondholders listed on the register of bondholders as at a date being not more than 30 days preceding the date scheduled for the meeting, not less than 14 days' notice in writing. The quorum at the Existing Pharmacare Prospects MTF Bondholders' meeting is at least 2 bondholders present, in person or by proxy, representing not less than 50% in nominal value of the 2018 Prospects MTF Bonds then outstanding. The proposal for the early redemption of the 2018 Prospects MTF Bonds placed before the Existing Pharmacare Prospects MTF Bondholders' meeting shall only be considered approved if at least 60% in nominal value of the Existing Pharmacare Prospects MTF Bondholders present at the meeting at the time when the vote is being taken, in person or by proxy, shall have voted in favour of the proposal. A circular shall be dispatched to all Existing Pharmacare Prospects MTF Bondholders to enable them to understand the nature of the proposed early redemption of the 2018 Prospects MTF Bonds, the principal commercial terms thereof, and to provide other necessary information about the proposed early redemption of the 2018 Prospects MTF Bonds to the holders thereof. The Issuer will be providing further details in this regard via company announcement following the date of the Prospectus.
- 6.1.9 In the event that any of the Applicants applying for Bonds have not been allocated any Bonds or have been allocated a number of Bonds which is less than the number applied for, the Applicant shall receive a full refund or, as the case may be, the balance of the price of the Bonds applied for but not allocated, without interest, by direct credit into the Applicant's bank account as indicated by the Applicant at any time before the Bonds are admitted to listing on the Official List of the MSE. Neither the Issuer nor the Registrar will be responsible for any loss or delay in transmission of such refunds or any charges in connection therewith. In this regard, any monies returnable to Applicants may be retained pending clearance of the remittance and any verification of identity as required by the Prevention of Money Laundering Act (Chapter 373 of the laws of Malta) and regulations made thereunder. Such monies will not bear interest while retained as aforesaid.
- 6.1.10 There are no special rights attached to the Bonds other than the right of the Bondholders to payment of interest and capital (as detailed in sub-section 6.13 below), seeking recourse from the Guarantor pursuant to the Guarantee in case of failure by the Issuer to pay any sum payable by it to Bondholders pursuant to the Terms and Conditions of the Bonds detailed in this Securities Note and in accordance with the ranking specified in sub-section 6.6 of this Securities Note.
- 6.1.11 The minimum subscription amount of Bonds that can be subscribed for by Applicants upon subscription is €1,000, and in multiples of €100 thereafter.
- 6.1.12 The issue of the Bonds is made in accordance with the requirements of the Capital Markets Rules, the Act and the Prospectus Regulation.
- 6.1.13 The Bond Issue is not underwritten. Should subscriptions for a total of at least €12,600,000 (the "Minimum Amount") not be received, no allotment of the Bonds shall be made, the Applications for Bonds shall be deemed not to have been accepted by the Issuer and all money received from Authorised Intermediaries shall be returned by the Issuer, acting through the Registrar, without interest, by direct credit transfer to the respective Authorised Intermediary to the account number indicated on the respective subscription agreement by latest 3 February 2023. In the event that the Minimum Amount is reached but the Bond Issue is not fully subscribed, the Issuer will proceed with the allotment and listing of the amount of Bonds subscribed for.
- 6.1.14 All Applications shall be subject to the Terms and Conditions of the Bond Issue as set out in section 8 hereunder, the terms of which shall form an integral part hereof.

## 6.2 Applications by Existing Pharmicare Prospects MTF Bondholders

- 6.2.1 The consideration payable by Existing Pharmicare Prospects MTF Bondholders applying for Bonds may be settled by the transfer to the Issuer of all or part of the 2018 Prospects MTF Bonds held by such Applicant as at the Cut-Off Date, subject to a minimum application of €1,000, which transfer shall be effected at the par value of the 2018 Prospects MTF Bonds ("2018 Prospects MTF Bond Transfer"). Any Existing Pharmicare Prospects MTF Bondholders whose holding in 2018 Prospects MTF Bonds is less than €1,000 shall be required to pay the difference (the "Cash Top-Up").

Existing Pharmicare Prospects MTF Bondholders electing to subscribe for Bonds through 2018 Prospects MTF Bond Transfer shall be allocated Bonds for the corresponding nominal value of 2018 Prospects MTF Bonds transferred to the Issuer (including the Cash Top-Up, where applicable). The transfer of 2018 Prospects MTF Bonds to the Issuer in consideration for the subscription for Bonds shall cause the obligations of the Issuer with respect to such 2018 Prospects MTF Bonds to be extinguished and shall give rise to obligations on the part of the Issuer under the Bonds.

Bonds applied for by Existing Pharmicare Prospects MTF Bondholders by way of 2018 Prospects MTF Bond Transfer (including the Cash Top-Up, where applicable) shall be allocated prior to any other allocation of Bonds.

A 2018 Prospects MTF Bond Transfer shall be without prejudice to the rights of Existing Pharmicare Prospects MTF Bondholders to receive interest on the 2018 Prospects MTF Bonds up to but excluding 3 February 2023. The 2018 Prospects MTF Bonds shall be redeemed on 3 February 2023 as determined by the Issuer and duly notified to Existing Pharmicare Prospects MTF Bondholders.

All Applications for the subscription of Bonds by Existing Pharmicare Prospects MTF Bondholders by means of 2018 Prospects MTF Bond Transfer must be submitted to any Authorised Intermediary (which include the Sponsor, Manager & Registrar) by 12:00 hours CET on 20 January 2023.

- 6.2.2 Payment by Existing Pharmicare Prospects MTF Bondholders of the Cash Top-Up referred to in sub-section 6.2.1 above, and the full price of the additional Bonds applied for referred to in sub-section 6.2.5 below, shall be made in Euro and in cleared funds at the Bond Issue Price, either through a bank transfer, by cheque payable to the respective Authorised Intermediary or by any other method of payment as accepted by the respective Authorised Intermediary.

- 6.2.3 Existing Pharmicare Prospects MTF Bondholders subscribing for Bonds by means of 2018 Prospects MTF Bond Transfer are, in virtue of such subscription, confirming:

- i. that all or part (as the case may be) of the 2018 Prospects MTF Bonds held by the Applicant on the Cut-Off Date are being transferred to the Issuer, together with the payment due in respect of any Cash Top-Up, as and if applicable;
- ii. that the Application constitutes the Applicant's irrevocable mandate to the Issuer to:
  - a. cause the transfer of the said 2018 Prospects MTF Bonds in the Issuer's name in consideration of the issue of Bonds; and
  - b. engage, at the Issuer's cost, the services of such brokers or intermediaries as may be necessary to fully and effectively vest title in the said 2018 Prospects MTF Bonds in the Issuer and fully and effectively vest title in the appropriate number of Bonds in the Applicant; and
- iii. that in respect of the payment of the Cash Top-Up in terms of sub-section 6.2.1 above and/or the exercise of the option to subscribe to additional Bonds set out in sub-section 6.2.5 below, the Applicant's remittance will be honoured on first presentation and agrees that, if such remittance is not so honoured on its first presentation, the Issuer, acting through the Sponsor, Manager & Registrar, reserves the right to invalidate the relative Application, and furthermore the Applicant will not be entitled to receive a registration advice or to be registered in the register of Bondholders, unless the Applicant makes payment in cleared funds and such consideration is accepted by the Issuer, acting through the Sponsor, Manager & Registrar (which acceptance shall be made in the Issuer's absolute discretion and may be on the basis that the Applicant indemnifies the Issuer against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of the Applicant's remittance to be honoured on first presentation).

6.2.4 Where the Applicant is the holder of 2018 Prospects MTF Bonds which as at the Cut-Off Date are held subject to usufruct, the signatures of both the bare owner and the usufructuary will be required in the Application.

6.2.5 In addition to the aforesaid, Existing Pharmacare Prospects MTF Bondholders transferring all of the 2018 Prospects MTF Bonds held by them as at the Cut-Off Date pursuant to sub-section 6.2.1 above may apply for an amount of Bonds in excess of the amount of 2018 Prospects MTF Bonds being transferred by 2018 Prospects MTF Bond Transfer (including the Cash Top-Up, where applicable). In such case Existing Pharmacare Prospects MTF Bondholders may subscribe for additional Bonds, in multiples of €100, by indicating such matter in the relative Application.

Existing Pharmacare Prospects MTF Bondholders shall have priority in the allocation of Bonds solely with respect to that number of Bonds for which payment is being made by means of a 2018 Prospects MTF Bond Transfer, subject to a Cash Top-Up, as and if applicable.

In the event that Existing Pharmacare Prospects MTF Bondholders apply for additional Bonds other than by 2018 Prospects MTF Bond Transfer, no preference or guarantee of allocation shall arise with respect to the excess Bonds applied for but such excess Bonds shall, together with Applications for additional Bonds received from other Existing Pharmacare Prospects MTF Bondholders and with subscriptions received pursuant to the Intermediaries' Offer as contemplated in sub-section 6.3 below, be subject to an allocation policy, without priority or preference between them, as shall be determined by the Issuer in accordance with sub-section 6.5 of this Securities Note.

6.2.6 Holders of 2018 Prospects MTF Bonds as at the Cut-Off Date who do not elect to avail themselves of the possibility to exchange their investment in terms of the procedure outlined in this sub-section 6.2 shall receive all capital and accrued interest to date, together with the Redemption Premium, on 3 February 2023.

6.2.7 The balance of the Bonds not subscribed for by Existing Pharmacare Prospects MTF Bondholders limitedly by means of a 2018 Prospects MTF Bond Transfer as contemplated in sub-section 6.2.1 above, shall be made available for subscription, together with subscriptions through Authorised Intermediaries pursuant to the Intermediaries' Offer, *pari passu* without priority or preference between them, to Existing Pharmacare Prospects MTF Bondholders in respect of any number of additional Bonds applied for other than by 2018 Prospects MTF Bond Transfer exceeding in value the aggregate nominal value of 2018 Prospects MTF Bonds held by them as at the Cut-Off Date, including Cash Top-Up (where applicable), as outlined in sub-section 6.2.5 above.

### 6.3 Intermediaries' Offer

The balance of the Bonds not subscribed to by Existing Pharmacare Prospects MTF Bondholders by means of a 2018 Prospects MTF Bond Transfer, subject to a Cash Top-Up, as and if applicable, as contemplated in sub-section 6.2 above, shall, together with subscriptions by Existing Pharmacare Prospects MTF Bondholders in terms of sub-section 6.2.7 above, be offered for subscription by Authorised Intermediaries participating in the Intermediaries' Offer. Any subscriptions received during the Intermediaries' Offer shall be subject to the same terms and conditions as those applicable to Applications by Existing Pharmacare Prospects MTF Bondholders, but limited to the remaining balance of Bonds after fully allocating the Bonds applied for by Existing Pharmacare Prospects MTF Bondholders by means of a 2018 Prospects MTF Bond Transfer, subject to a Cash Top-Up, as and if applicable, as detailed in sub-section 6.2 above.

In this regard, the Issuer shall enter into conditional subscription agreements with a number of Authorised Intermediaries for the subscription of the resultant balance of Bonds, whereby it will bind itself to allocate Bonds thereto up to the total aggregate amount of €17,000,000 during the Intermediaries' Offer.

In terms of each subscription agreement entered into with an Authorised Intermediary, the Issuer will be conditionally bound to issue, and each Authorised Intermediary will bind itself to subscribe for, up to the total amount of Bonds as indicated therein, subject to the Bonds being admitted to trading on the Official List. The subscription agreements, which will be subject to the Terms and Conditions of the Prospectus, will become binding on each of the Issuer and the respective Authorised Intermediaries upon delivery, provided that these

intermediaries would have paid to the Registrar all subscription proceeds in cleared funds on delivery of the subscription agreement.

In terms of the subscription agreements, Authorised Intermediaries may subscribe for the Bonds either for their own account or for the account of underlying customers, including retail customers. The minimum which each Authorised Intermediary may apply for in terms of the applicable subscription agreement is €1,000 and in multiples of €100 thereafter and such minimum and multiples shall also apply to each underlying Applicant.

Completed subscription agreements, together with evidence of payment, are to reach the Registrar by 12:00 hours CET on 20 January 2023. The Issuer, acting through the Registrar, will communicate the number of Bonds each Authorised Intermediary has been allocated in terms of the respective subscription agreement by latest 12:00 hours CET on 27 January 2023. Any amounts unallocated in terms of the subscription agreements shall be returned to the respective Authorised Intermediary by direct credit to the account indicated in the respective subscription agreement by latest close of business on 3 February 2023. The results of the Bond Issue will be announced through a company announcement by latest 27 January 2023.

#### **6.4 Plan of distribution and allotment**

Applications for subscription to the Bonds may be made through any of the Authorised Intermediaries (which include the Sponsor, Manager & Registrar). The Bonds are open for subscription by all categories of investors, as follows:

- i. Existing Pharmacare Prospects MTF Bondholders up to the amount of 2018 Prospects MTF Bonds held as at the Cut-Off Date and subject to any Cash Top-Up as and if applicable;
- ii. Existing Pharmacare Prospects MTF Bondholders in respect of any number of additional Bonds applied for other than by 2018 Prospects MTF Bond Transfer exceeding in value the aggregate nominal value of 2018 Prospects MTF Bonds held by them as at the Cut-Off Date (including Cash Top-Up, as and if applicable), without priority or preference between them and together with subscriptions received from Authorised Intermediaries participating in the Intermediaries' Offer; and
- iii. Authorised Intermediaries through an Intermediaries' Offer in respect of the balance of the Bonds not subscribed to by Existing Pharmacare Prospects MTF Bondholders by means of a 2018 Prospects MTF Bond Transfer, subject to a Cash Top-Up, as and if applicable, as aforesaid.

Applications for subscriptions to the Bonds may be made through the Authorised Intermediaries (which include the Sponsor, Manager & Registrar) subject to a minimum Application of €1,000 and in multiples of €100 thereafter.

It is expected that an allotment letter will be issued by the Issuer to Applicants by latest 3 February 2023. The registration advice and other documents and any monies returnable to Applicants may be retained pending clearance of the remittance or surrender of the 2018 Prospects MTF Bonds, as the case may be, and any verification of identity as required by the Prevention of Money Laundering Act (Chapter 373 of the laws of Malta) and regulations made thereunder. Such monies will not bear interest while retained as aforesaid.

Dealings in the Bonds shall not commence prior to the Bonds being admitted to the Official List.

#### **6.5 Allocation Policy**

The Issuer shall allocate the Bonds on the basis of the following policy and order of priority:

- i. first to Existing Pharmacare Prospects MTF Bondholders applying for Bonds by way of 2018 Prospects MTF Bond Transfer (and subject to any Cash Top-Up as and if applicable) in accordance with sub-section 6.2 above, and subject to a minimum application of €1,000;
- ii. the balance of the Bonds not subscribed for by Existing Pharmacare Prospects MTF Bondholders limitedly by means of a 2018 Prospects MTF Bond Transfer (and subject to any Cash Top-Up as and if applicable), shall be made available for subscription to Existing Pharmacare Prospects MTF Bondholders in respect of any additional Bonds applied for other than by 2018 Prospects MTF Bond Transfer exceeding in value the aggregate nominal value of 2018 Prospects MTF Bonds held by them as at the Cut-Off Date, without priority or preference between them and together with

subscriptions received from Authorised Intermediaries participating in the Intermediaries' Offer and in accordance with the allocation policy as determined by the Issuer. Accordingly, in the event that an Existing Pharmacare Prospects MTF Bondholder applies for additional Bonds other than by way of 2018 Prospects MTF Bond Transfer as specified in (i) above, no preference or guarantee shall be given with respect to the amount of Bonds to be allocated to the excess Bonds applied for by such Existing Pharmacare Prospects MTF Bondholder; and

- iii. the Issuer shall offer remaining Bonds not subscribed for by Existing Pharmacare Prospects MTF Bondholders limitedly by means of a 2018 Prospects MTF Bond Transfer (and subject to any Cash Top-Up as and if applicable) to Authorised Intermediaries through an Intermediaries' Offer as detailed in sub-section 6.3 above, to be allocated *pari passu* together with additional Bonds applied for by Existing Pharmacare Prospects MTF Bondholders other than by 2018 Prospects MTF Bond Transfer exceeding in value the aggregate nominal value of 2018 Prospects MTF Bonds held by them as at the Cut-Off Date, including Cash Top-Up (where applicable). Subscription agreements received from Authorised Intermediaries through an Intermediaries' Offer, if any, shall be allocated without priority or preference and in accordance with the allocation policy as determined by the Issuer, acting through the Registrar, which will be communicated by latest 2 February 2023. Any amounts unallocated in terms of the subscription agreements shall be returned to the respective Authorised Intermediary by direct credit to the account indicated in the respective subscription agreement by latest close of business on 3 February 2023.

The Issuer shall announce the result of the Bond Issue and the basis of acceptance and the allocation policy to be adopted through a company announcement by latest 27 January 2023.

## 6.6 Status and ranking of the Bonds

The Bonds, as and when issued and allotted, shall constitute the general, direct, unconditional and unsecured obligations of the Issuer, guaranteed jointly and severally by the Guarantor, and shall at all times rank *pari passu*, without any priority or preference among themselves and with other outstanding and unsecured debt of the Issuer, present and future, if any, save for such exceptions as may be provided by applicable law.

Furthermore, subject to the negative pledge clause (sub-section 6.7 of this Securities Note), third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer for so long as such security interests remain in effect.

The following sets out a summary of the Group's indebtedness which as at 30 June 2022 amounted in aggregate to €11.9 million and includes bank borrowings, third-party loans, the 2018 Prospects MTF Bonds and shareholders' loans. The Bonds would rank after any future debts which may be secured by a cause of preference such as a privilege and/or a hypothec.

### Group's borrowings and bonds

€000	Dec-21	Jun-22
<b>Non-current</b>		
Bank loans	970	662
Loan from third party	1,056	860
Loan from subsidiary company	5,000	5,000
Loan from shareholders	353	406
Loan from ultimate parent company	29	2,212
<b>Total non-current borrowings</b>	<b>7,408</b>	<b>9,141</b>
<b>Current</b>		
Bank loans	470	579
Bank overdraft	394	691
Loan from third party	2,116	1,076
Loan from shareholders	50	441
<b>Total current borrowings</b>	<b>3,030</b>	<b>2,787</b>
<b>Total borrowings</b>	<b>10,439</b>	<b>11,927</b>

\*Bonds are shown gross of bond amortisation expenses

Further details on the aforesaid indebtedness are found in the audited financial statements of the Issuer and the Guarantor for the financial year ended 31 December 2021, which have been published on the Issuer's website ([www.pharmacarefinance.com](http://www.pharmacarefinance.com)) and are available for inspection at its registered office during office hours for the term of the Bonds, and in the interim financial statements of the Issuer and the Guarantor for the period ended 30 June 2022, copies of which are available for inspection at the Issuer's registered office during office hours for the term of the Bonds.

## 6.7 Negative pledge

The Issuer undertakes, for as long as any principal or interest under the Bonds or any of the Bonds remains outstanding, not to create or permit to subsist any Security Interest (as defined below), other than a Permitted Security Interest (as defined below), upon the whole or any part of its present or future assets or revenues to secure any Financial Indebtedness (as defined below) of the Issuer. The instrument creating any such Permitted Security Interest shall provide that the Issuer's indebtedness under the Bonds shares in and is secured equally and rateably with such Permitted Security Interest.

**"Financial Indebtedness"** means any indebtedness in respect of: (A) monies borrowed; (B) any debenture, bond, note, loan, stock or other security; (C) any acceptance credit; (D) the acquisition cost of any asset to the extent payable before or after the time of acquisition or possession by the party liable where the advance or deferred payment is arranged primarily as a method of raising finance for the acquisition of that asset; (E) leases entered into primarily as a method of raising finance for the acquisition of the asset leased; (F) amounts raised under any other transaction having the commercial effect of borrowing or raising of money; (G) any guarantee, indemnity or similar assurance against financial loss of any person;

**"Security Interest"** means any privilege, hypothec, pledge, lien, charge or other encumbrance or real right which grants rights of preference to a creditor over the assets of the Issuer;

**"Permitted Security Interest"** means: (A) any Security Interest arising by operation of law; (B) any Security Interest securing temporary bank loans or overdrafts or guarantees in the ordinary course of business; (C) any Security Interest securing any indebtedness of the Issuer created for the sole purpose of financing or raising finance for the redemption of all the Bonds; (D) any other Security Interest (in addition to (A), (B) and (C) above) securing Financial Indebtedness of the Issuer in an aggregate outstanding amount not exceeding 80% of the difference between the value of the Unencumbered Assets of the Issuer and the aggregate principal amount of Bonds outstanding at the time;

Provided that the aggregate Security Interests referred to in (B), (C) and (D) above do not result in the Unencumbered Assets of the Issuer being less than the aggregate principal amount of the Bonds still outstanding together with one (1) year's interest thereon;

**"Unencumbered Assets"** means assets which are not subject to a Security Interest or, in the case of assets which are subject to a Security Interest, the value of assets by which the value of the Security Interest is exceeded, as applicable.

## 6.8 Rights attaching to the Bonds

This Securities Note incorporates the Terms and Conditions of the Bond Issue and, in its entirety, creates the contract between the Issuer and a Bondholder.

A Bondholder shall have such rights as are, pursuant to this Securities Note, attached to the Bonds, including:

- i. the payment of interest;
- ii. the repayment of capital;
- iii. ranking with respect to other indebtedness of the Issuer and the Guarantor in accordance with the provisions of sub-section 6.6 above;
- iv. seeking recourse from the Guarantor pursuant to the Guarantee, in case of failure by the Issuer to pay any sum payable by it to Bondholders pursuant to the Terms and Conditions of the Bonds;
- v. the right to attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bond Issue; and
- vi. the right to enjoy all such other rights attached to the Bonds emanating from the Prospectus.



## 6.9 Interest

- 6.9.1 The Bonds shall bear interest from and including 3 February 2023 at the rate of 6% *per annum* on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be effected on 3 February 2024 (covering the period 3 February 2023 up to and including 2 February 2024). Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day. Each Bond will cease to bear interest from and including its due date for redemption, unless payment of the principal amount in respect of the Bond is improperly withheld or refused or unless default is otherwise made in respect of payment, in any of which events interest shall continue to accrue at the rate specified above plus one per cent (1%), but in any event not in excess of the maximum rate of interest allowed by Maltese law. In terms of article 2156 of the Civil Code (Chapter 16 of the laws of Malta), the right of Bondholders to bring claims for payment of interest and repayment of the principal on the Bonds is barred by the lapse of five (5) years.
- 6.9.2 When interest is required to be calculated for any period of less than a full year, it shall be calculated on the basis of a three hundred and sixty (360) day year consisting of twelve (12) months of thirty (30) days each, and in the case of an incomplete month, the number of days elapsed.

## 6.10 Yield

The gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Bonds at Redemption Date is 6% *per annum*.

## 6.11 Registration, form, denomination and title

- 6.11.1 Certificates will not be delivered to Bondholders in respect of the Bonds in virtue of the fact that the entitlement to Bonds will be represented in an uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD. There will be entered in such electronic register the names, addresses, identity card numbers (in the case of natural persons), registration numbers (in the case of companies) and MSE account numbers of the Bondholders and particulars of the Bonds held by them respectively, and the Bondholders shall have, at all reasonable times during business hours, access to the register of Bondholders held at the CSD for the purpose of inspecting information held on their respective account.
- 6.11.2 The CSD will issue, upon a request by a Bondholder, a statement of holdings to such Bondholder evidencing his/her/its entitlement to Bonds held in the register kept by the CSD.
- 6.11.3 Bondholders who opt to subscribe for the online e-portfolio account with the CSD will be registered by the CSD for the online e-portfolio facility and will receive by mail at their registered address a handle code to activate the new e-portfolio login. A Bondholder's statement of holdings evidencing entitlement to Bonds held in the register kept at the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Further detail on the e-portfolio is found on <https://eportfolio.borzamalta.com.mt/Help>.
- 6.11.4 The Bonds will be issued in fully registered form, without interest coupons, in denominations of any integral multiple of €100 provided that, on subscription, the Bonds will be issued for a minimum of €1,000 per individual Bondholder. Authorised Intermediaries subscribing for Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of €1,000 to each underlying client.
- 6.11.5 Any person in whose name a Bond is registered may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Bond. Title to the Bonds may be transferred as provided below under the heading "*Transferability of the Bonds*" in sub-section 6.16 of this Securities Note.

## 6.12 Pricing

The Bonds are being issued at par, that is, at €100 per Bond, with the full amount payable upon subscription.



## 6.13 Payments

6.13.1 Payment of the principal amount of Bonds will be made in Euro by the Issuer to the person in whose name such Bonds are registered, with interest accrued up to the Redemption Date, by means of direct credit transfer into such bank account as the Bondholder may designate from time to time, provided such bank account is denominated in Euro and held with any licensed bank in Malta. Such payment shall be effected within seven (7) days of the Redemption Date. The Issuer shall not be responsible for any loss or delay in transmission or any charges in connection therewith. Upon payment of the Redemption Value, the Bonds shall be redeemed and the appropriate entry made in the electronic register of the Bonds at the CSD.

In the case of Bonds held subject to usufruct, payment will be made against the joint instructions of all bare owners and usufructuaries. Before effecting payment, the Issuer and/or the CSD shall be entitled to request any legal documents deemed necessary concerning the entitlement of the bare owner/s and the usufructuary/ies to payment of the Bonds.

6.13.2 Payment of interest on a Bond will be made to the person in whose name such Bond is registered at the close of business fifteen (15) days prior to the Interest Payment Date, by means of a direct credit transfer into such bank account as the Bondholder may designate, from time to time, which is denominated in Euro and held with any licensed bank in Malta. Such payment shall be effected within seven (7) days of the Interest Payment Date. The Issuer shall not be responsible for any loss or delay in transmission or any charges in connection therewith.

6.13.3 All payments with respect to the Bonds are subject in all cases to any pledge (duly constituted) and to any applicable fiscal or other laws and regulations prevailing in Malta from time to time. In particular, but without limitation, all payments of principal and interest by or on behalf of the Issuer in respect of the Bonds shall be made net of any amount which the Issuer is or may become compelled by law to deduct or withhold for or on account of any present or future taxes, duties, assessments or other government charges of whatsoever nature imposed, levied, collected, withheld or assessed by or within the Republic of Malta or any authority thereof or therein having power to tax.

6.13.4 No commissions or expenses shall be charged by the Issuer to the Bondholders in respect of payments made in accordance with this sub-section 6.13. The Issuer shall not be liable for charges, expenses and commissions levied by parties other than the Issuer.

## 6.14 Redemption and purchase

6.14.1 The Issuer hereby irrevocably covenants in favour of each Bondholder that, unless previously purchased and cancelled, the Bonds will be redeemed at their nominal value (together with accrued interest up to the date fixed for redemption) on 3 February 2033. In such a case the Issuer shall be discharged of any and all payment obligations under the Bonds upon payment made net of any withholding or other taxes due or which may be due under Maltese law and which are payable by the Bondholders.

6.14.2 Subject to the provisions of this sub-section 6.14, the Issuer may at any time purchase Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike.

6.14.3 All Bonds so redeemed or re-purchased will be cancelled forthwith and may not be re-issued or re-sold.

## 6.15 Events of Default

The Bonds shall become immediately due and repayable at their principal amount, together with any accrued interest, if any of the following events (“Events of Default”) shall occur:

- i. if the Issuer shall fail to pay any interest on any Bond when due and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by any Bondholder, unless remedied by the Guarantor before the expiry of such 60 days; and/or

- ii. if the Issuer shall fail to pay the principal amount of a Bond on the date fixed for its redemption and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by any Bondholder, unless remedied by the Guarantor before the expiry of such 60 days; and/or
- iii. if the Issuer shall fail to perform or shall otherwise be in breach of any other material obligation contained in the Terms and Conditions and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by any Bondholder, unless remedied by the Guarantor before the expiry of such 60 days (where applicable); and/or
- iv. if any representation or warranty made or deemed to be made or repeated by or in respect of the Issuer or the Guarantor is or proves to have been incorrect in any material respect; and/or
- v. if an order is made or resolution passed or other action taken for the dissolution, termination of existence, liquidation, winding-up or bankruptcy of the Issuer; and/or
- vi. if the Issuer stops or suspends payments (whether of principal or interest) with respect to all or any class of its debts or announces an intention to do so or ceases or threatens to cease to carry on its business or a substantial part of its business; and/or
- vii. if the Issuer is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent; and/or
- viii. if in terms of section 214(5) of the Act, a Court order or other judicial process is levied or enforced upon or sued out against any part of the property of the Issuer and is not paid out, withdrawn or discharged within one (1) month; and/or
- ix. if a judicial or provisional administrator is appointed upon the whole or any material part of the property of the Issuer or Guarantor; and/or
- x. there shall have been entered against the Issuer a final judgment by a court of competent jurisdiction from which no appeal may be or is made for the payment of money in excess of three million Euro (€3,000,000) or its equivalent and ninety (90) days shall have passed since the date of entry of such judgment without its having been satisfied or stayed; and/or
- xi. any default of a payment obligation which occurs and continues for ninety (90) days under any contract or document relating to any Financial Indebtedness (as defined in sub-section 6.7 above) of the Issuer in excess of three million Euro (€3,000,000) or its equivalent at any time.

Upon any such Event of Default occurring and not being remedied within the relevant cure period, as applicable, the principal monies and interest accrued under the Bonds shall be deemed to have become immediately payable at the time of the event which shall have happened as aforesaid.

## **6.16 Transferability of the Bonds**

6.16.1 The Bonds are freely transferable and, once admitted to the Official List, shall be transferable only in whole (in multiples of €100) in accordance with the rules and regulations of the MSE applicable from time to time. The minimum subscription amount of €1,000 shall only apply during the Issue Period. As such, no minimum holding requirement shall be applicable once the Bonds are admitted to listing on the Official List and commence trading thereafter, subject to trading in multiples of €100.

6.16.2 Any person becoming entitled to a Bond in consequence of the death or bankruptcy of a Bondholder may, upon such evidence being produced as may, from time to time, properly be required by the Issuer or the CSD, elect either to be registered himself/herself/itself as holder of the Bond or to have some person nominated by him/her/it registered as the transferee thereof. If the person so becoming entitled shall elect to be registered himself/herself/itself, he/she/it shall deliver or send to the CSD a notice in writing signed by him/her/it stating that he/she/it so elects. If he/she/it shall elect to have another person registered he/she/it shall testify his/her/its election by transferring the Bond, or procuring the transfer of the Bond, in favour of that person. Provided always that if a Bond is transmitted in furtherance of this

paragraph 6.16.2, a person will not be registered as a Bondholder unless such transmission is made in multiples of €100.

6.16.3 All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable laws and regulations.

6.16.4 The costs and expenses of affecting any registration of transfer or transmission, except for the expenses of delivery by any means other than regular mail (if any) and except, if the Issuer shall so require, the payment of a sum sufficient to cover any tax, duty or other governmental charge or insurance charges that may be imposed in relation thereto, will be borne by the person to whom the transfer / transmission has been made.

6.16.5 The Issuer will not register the transfer or transmission of Bonds for a period of fifteen (15) days preceding the due date for any payment of interest on the Bonds or the due date for redemption.

## **6.17 Further issues**

The Issuer may, from time to time, without the consent of the Bondholders, create and issue further debentures, debenture stock, bonds, loan notes or any other debt securities, either having the same terms and conditions as any outstanding debt securities of any series (including the Bonds) and so that such further issue shall be consolidated and form a single series with the outstanding debt securities of the relevant series (including the Bonds), or upon such terms as the Issuer may determine at the time of their issue.

## **6.18 Meetings of Bondholders**

6.18.1 The Issuer may, from time to time, call meetings of Bondholders for the purpose of consultation with Bondholders or for the purpose of obtaining the consent of Bondholders on matters which in terms of the Prospectus require the approval of a Bondholders' meeting and to affect any change to the applicable Terms and Conditions of the Bonds.

6.18.2 A meeting of Bondholders shall be called by the Directors by giving (i) all Bondholders listed on the register of Bondholders as at a date being not more than thirty (30) days preceding the date scheduled for the meeting; and (ii) the Guarantor, not less than fourteen (14) days' notice in writing. Such notice shall set out the time, place and date set for the meeting and the matters to be discussed or decided thereat, including, if applicable, sufficient information on any amendment of the Prospectus that is proposed to be voted upon at the meeting and seeking the approval of the Bondholders. Following a meeting of Bondholders held in accordance with the provisions contained hereunder, the Issuer shall, acting in accordance with the resolution(s) taken at the meeting, communicate to the Bondholders and the Guarantor whether the necessary consent to the proposal made by the Issuer has been granted or withheld. Subject to having obtained the necessary approval by the Bondholders in accordance with the provisions of this sub-section 6.18 at a meeting called for that purpose as aforesaid, any such decision shall subsequently be given effect to by the Issuer.

6.18.3 No change or amendment to, or waiver of, any of the applicable Terms and Conditions of the Bonds may be made unless such decision is taken at a meeting of Bondholders duly convened and held for that purpose in accordance with the terms hereof.

6.18.4 A meeting of Bondholders shall only validly and properly proceed to business if there is a quorum present at the commencement of the meeting. For this purpose, at least two (2) Bondholders present, in person or by proxy, representing not less than 50% in nominal value of the Bonds then outstanding, shall constitute a quorum. If a quorum is not present within thirty (30) minutes from the time scheduled for the commencement of the meeting as indicated on the notice convening same, the meeting shall stand adjourned to a place, date and time as shall be communicated by the Directors to the Bondholders present at that meeting and the Guarantor. The Issuer shall within two (2) days from the date of the original meeting publish by way of a company announcement the date, time and place where the adjourned meeting is to be held. An adjourned meeting shall be held not earlier than seven (7) days, and not later than fifteen (15) days, following the original meeting. At an adjourned meeting the number of Bondholders present at the commencement of the meeting, in person or by proxy, shall constitute a

quorum; and only the matters specified in the notice calling the original meeting shall be placed on the agenda of, and shall be discussed at and decided upon during, the adjourned meeting.

6.18.5 Any person who in accordance with the Memorandum and Articles of Association of the Issuer is to chair the annual general meetings of shareholders shall also chair meetings of Bondholders.

6.18.6 Once a quorum is declared present by the chairperson of the meeting, the meeting may then proceed to business and address the matters set out in the notice convening the meeting. In the event of decisions being required at the meeting the Directors or their representative shall present to the Bondholders and the Guarantor the reasons why it is deemed necessary or desirable and appropriate that a particular decision is taken. The meeting shall allow reasonable and adequate time to Bondholders to present their views to the Issuer and the other Bondholders present at the meeting. The meeting shall then put the matter as proposed by the Issuer to a vote of the Bondholders present at the time at which the vote is being taken, and any Bondholders taken into account for the purpose of constituting a quorum who are no longer present for the taking of the vote shall not be taken into account for the purpose of such vote.

6.18.7 The voting process shall be managed by the Issuer's company secretary under the supervision and scrutiny of the auditors of the Issuer.

6.18.8 The proposal placed before a meeting of Bondholders shall only be considered approved if at least sixty per cent (60%) in nominal value of the Bondholders present at the meeting, or at any adjourned meeting, as the case may be, at the time when the vote is being taken, in person or by proxy, shall have voted in favour of the proposal.

6.18.9 In terms of the Guarantee, the Guarantor has the power to veto a decision by the Bondholders, taken at a Bondholders' meeting duly convened and held, to amend or waive the Terms and Conditions of the Bonds which are issued with the benefit of its Guarantee, in cases in which such amendment or waiver may give rise to changes in: (i) the amount payable by the Guarantor under the Guarantee; (ii) the term and/or frequency of such payments; (iii) the Events of Default listed in sub-section 6.15 of this Securities Note; and/or (iv) any other term which may otherwise increase the exposure of the Guarantor to the enforcement of the Guarantee. In the event that the Guarantor were to exercise such right of veto, the proposed amendment to, or waiver of, the Terms and Conditions would not be put into effect.

6.18.10 Save for the above, the rules generally applicable to proceedings at general meetings of shareholders of the Issuer shall *mutatis mutandis* apply to meetings of Bondholders.

## **6.19 Authorisations and approvals**

The Directors of the Issuer authorised the Bond Issue and the publication of the Prospectus pursuant to a Board of Directors' resolution passed on 25 November 2022. The Guarantee being given by the Guarantor in respect of the Bonds has been authorised by a resolution of the board of directors of the Guarantor dated 25 November 2022.

## **6.20 Admission to trading**

6.20.1 The MFSA has authorised the Bonds as admissible to listing pursuant to the Capital Markets Rules by virtue of a letter dated 5 December 2022.

6.20.2 Application has been made to the Malta Stock Exchange for the Bonds being issued pursuant to the Prospectus to be listed and traded on its Official List.

6.20.3 The Bonds are expected to be admitted to the Official List with effect from 3 February 2023 and trading is expected to commence on 6 February 2023. Dealing may commence prior to notification of the amount allotted being issued to Applicants.

## **6.21 Representations and warranties**

6.21.1 The Issuer represents and warrants to Bondholders, who shall be entitled to rely on such representations and warranties, that:

- i. it is duly incorporated and validly existing under the laws of Malta and has the power to carry on its business as it is now being conducted and to hold its property and other assets under legal title; and
- ii. it has the power to execute, deliver and perform its obligations under the Prospectus and that all necessary corporate, shareholder and other actions have been duly taken to authorise the execution, delivery and performance of the same, and further that no limitation on its power to borrow or guarantee shall be exceeded as a result of the Terms and Conditions of the Prospectus.

6.21.2 To the best of the Directors' knowledge, the Prospectus contains all relevant material information with respect to the Issuer, the Guarantor and the Bonds and all information contained in the Prospectus is in every material respect true and accurate and not misleading, and there are no other facts in relation to the Issuer and/or the Guarantor, their respective businesses and financial position, the omission of which would, in the context of issue of the Bonds, make any statement in the Prospectus misleading or inaccurate in any material respect.

## 6.22 Bonds held jointly

In respect of any Bonds held jointly by several persons (including spouses), the person first named in the register of Bondholders shall, for all intents and purposes, be deemed to be such nominated person by all those joint holders. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Bonds so held.

## 6.23 Bonds held subject to usufruct

In respect of a Bond held subject to usufruct, the name of the bare owner and the usufructuary shall be entered in the register. The usufructuary shall, for all intents and purposes, be deemed *vis-a-vis* the Issuer to be the holder of the Bonds so held and shall have the right to receive interest on the Bonds and to vote at meetings of the Bondholders but shall not, during the existence of the Bonds, have the right to dispose of the Bonds so held without the consent of the bare owner, and shall not be entitled to the repayment of principal on the Bonds (which shall be due to the bare owner).

## 6.24 Governing law and jurisdiction

6.24.1 The Bonds are governed by and shall be construed in accordance with Maltese law.

6.24.2 Any legal action, suit or proceedings against the Issuer and/or the Guarantor arising out of or in connection with the Bonds and/or the Prospectus shall be brought exclusively before the Maltese courts.

## 6.25 Notices

Notices will be mailed to Bondholders at their registered addresses and shall be deemed to have been served at the expiration of twenty-four (24) hours after the letter containing the notice is posted, and in proving such service it shall be sufficient to prove that a prepaid letter containing such notice was properly addressed to such Bondholder at his/her/its registered address and posted.

# 7 TAXATION

## 7.1 General

**Investors and prospective investors are urged to seek professional advice as regards both Maltese and any foreign tax legislation which may be applicable to the acquisition, holding and disposal of Bonds, as well as any interest payments made by the Issuer. The following is a summary of the anticipated tax treatment applicable to the Bonds and to Bondholders in so far as taxation in Malta is concerned. This information, that does not constitute legal or tax advice and does not purport to be exhaustive, refers only to Bondholders who do not deal in securities in the course of their normal trading activity.**

The information below is based on an interpretation of tax law and practice relative to the applicable legislation, as known to the Issuer at the date of the Prospectus, in respect of a subject on which no official guidelines exist. Investors are reminded that tax law and practice and their interpretation, as well as the levels of tax on the subject matter referred to in the preceding paragraph, may change from time to time.

This information is being given solely for the general information of investors who do not deal in the acquisition and disposal of securities in the course of their normal trading activities. The precise implications for investors will depend, among other things, on their particular circumstances and on the classification of the Bonds from a Maltese tax perspective, and professional advice in this respect should be sought accordingly.

## **7.2 Malta tax on interest**

Since interest is payable in respect of a Bond which is the subject of a public issue, unless the Issuer is otherwise instructed by a Bondholder to receive the interest gross of any withholding tax or if the Bondholder does not fall within the definition of “recipient” in terms of article 41(c) of the Income Tax Act (Chapter 123 of the laws of Malta), interest shall be paid to such person net of a final withholding tax, currently at the rate of 15% (10% in the case of certain types of collective investment schemes) of the gross amount of the interest, pursuant to article 33 of the Income Tax Act. Bondholders who do not fall within the definition of a “recipient” do not qualify for the said rate and should seek professional advice on the taxation of such income as special rules may apply.

This withholding tax is considered as a final tax and a Maltese resident individual Bondholder is not obliged to declare the interest so received in his/her income tax return (to the extent that the interest is paid net of tax). No person (whether corporate or non-corporate) shall be charged to further tax in respect of such income and the tax deducted shall not be available as a credit against the recipient’s tax liability or available as a refund, as the case may be.

The Issuer will render an account to the Maltese Commissioner for Revenue of all amounts of interest paid and tax so deducted, including the identity of the recipient.

In the case of a valid election made in writing by an eligible Bondholder resident in Malta to receive the interest due without the deduction of final tax, interest will be paid gross and such person will be obliged to declare the interest so received in his/her/its Maltese income tax return and be subject to tax on such interest at the standard rates applicable to that person at that time. Additionally, in this latter case the Issuer will advise the Malta Commissioner for Revenue on an annual basis in respect of all interest paid gross and of the identity of all such recipients. Any such election made by a resident Bondholder at the time of subscription may be subsequently changed by giving notice in writing to the Issuer. Such election or revocation will be effective within the time limit set out in the Income Tax Act.

In terms of article 12(1)(c) of the Income Tax Act, Bondholders who are not resident in Malta satisfying the applicable conditions set out therein, including but not limited to the condition that the Bondholder is not owned and controlled by, whether directly or indirectly, nor acts on behalf of an individual/s who are ordinarily resident and domiciled in Malta, are not taxable in Malta on the interest received and will receive interest gross, subject to the requisite declaration/evidence being provided to the Issuer in terms of law.

## **7.3 Exchange of information**

In terms of applicable Maltese legislation, the Issuer and/or its agent are required to collect and forward certain information (including, but not limited to, information regarding payments made to certain Bondholders) to the Maltese Commissioner for Revenue. The Maltese Commissioner for Revenue will or may, in turn, automatically or on request, forward the information to other relevant tax authorities subject to certain conditions.

Relevant legislation includes, but is not limited to:

- (i) the implementation of Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended) which provides for the implementation of the regime known as the Common Reporting Standard (“CRS”) – incorporated into Maltese law through Legal Notice 384 of 2015 entitled the Cooperation with Other Jurisdiction on Tax Matters (Amendment) Regulations, 2015; and

- (ii) the agreement between the Government of the United States of America and the Government of the Republic of Malta to Improve International Tax Compliance and to Implement FATCA – incorporated into Maltese law through Legal Notice 78 of 2014 (“FATCA Legislation”).

The CRS has been proposed by the Organisation for Economic Co-operation and Development as a new global standard for the automatic exchange of financial account information between tax authorities in participating jurisdictions. The CRS requires Malta based financial institutions (“FIs”) (defined as such for the purposes of CRS) to identify and report to the Maltese tax authorities financial accounts held by a “Reportable Person” (as defined under the CRS legislation), and certain entities with one or more controlling persons, as defined under the CRS legislation, which is classified as a reportable person. Financial information relating to Bonds and the holders of the Bonds may fall within the purview of CRS and may be subject to reporting and information exchange provisions.

In particular with respect to CRS, the following information will be reported annually by the FIs to the Commissioner for Revenue in respect of each reportable account maintained by the FIs: (i) the name, address, jurisdiction of tax residence, tax identification number (TIN) and date and place of birth (in the case of an individual); (ii) the account number (or functional equivalent in the absence of an account number); (iii) the account balance or value as of the end of the relevant calendar year or other appropriate reporting period or, if the account was closed during such year or period, the closure of the account; (iv) the total gross amount paid or credited to the account holder with respect to the account during the calendar year or other appropriate reporting period with respect to which the FI is the obligor or debtor, including the aggregate amount of any redemption payments made to the account holder during the calendar year or other appropriate reporting period.

Under the FATCA Legislation, FIs in Malta (defined as such for the purposes of FATCA) are obliged to identify and report financial accounts held by specified U.S. persons, as defined under the FATCA Legislation, and certain non-U.S. entities which are controlled by U.S. controlling persons, as defined under the FATCA Legislation, to the Commissioner for Revenue. The latter is, in turn, required to exchange such information to the US Internal Revenue Service. Financial account information in respect of holders of the Bonds could fall within the scope of FATCA and they may, therefore, be subject to reporting obligations.

Pursuant to obligations under FACTA Legislation, FIs reserve the right to store, use, process, disclose and report any required information including all current and historical data related to the past and/or present account/s held by reportable persons, including, but not limited to, the name, address, date of birth, place of birth and U.S. tax identification number, the details of any account transactions, the nature, balances and compositions of the assets held in the account, to the Commissioner for Revenue.

The Commissioner for Revenue shall by automatic exchange framework for reciprocal information exchange, communicate to the other competent authority on an annual basis, any relevant information that may fall to be classified as reportable, and vice-versa.

FIs reserve the right to request any information and/or documentation required, in respect of any financial account, in order to comply with the obligations imposed under FATCA and CRS and any referring legislation. In the case of failure to provide satisfactory documentation and/or information, an FI may take such action as it thinks fit, including without limitation, the closure of the financial account.

#### **7.4 Maltese taxation on capital gains on transfer of the Bonds**

On the assumption that the Bonds would not fall within the definition of “securities” in terms of article 5(1)(b) of the Income Tax Act, that is, “*shares and stocks and such like instrument that participate in any way in the profits of the company and whose return is not limited to a fixed rate of return*”, to the extent that the Bonds are held as capital assets by the Bondholder, no income tax on capital gains should be chargeable in respect of a transfer of the Bonds.

#### **7.5 Duty on documents and transfers**

In terms of the Duty on Documents and Transfers Act (Chapter 364 of the laws of Malta), duty is chargeable *inter alia* on the transfer or transmission *causa mortis* of marketable securities. A marketable security is defined in the said legislation as “*a holding of share capital in any company and any document representing the same*”.



Accordingly, the Bonds should not be treated as constituting marketable securities within the meaning of the aforementioned legislation and, therefore, the transfer/transmission thereof should not be chargeable to duty.

Furthermore, even if the Bonds are considered to be marketable securities for the purposes of the Duty on Documents and Transfers Act, in terms of article 50 of the Financial Markets Act (Chapter 345 of the laws of Malta), in view of the fact that the Bonds constitute financial instruments of a company quoted on a regulated market exchange, as is the Official List, redemptions and transfers of the Bonds should in any case be exempt from Maltese duty.

INVESTORS AND PROSPECTIVE INVESTORS ARE URGED TO SEEK PROFESSIONAL ADVICE AS REGARDS BOTH MALTESE AND ANY FOREIGN TAX LEGISLATION APPLICABLE TO THE ACQUISITION, HOLDING AND DISPOSAL OF BONDS, AS WELL AS INTEREST PAYMENTS MADE BY THE ISSUER. THE TAX LEGISLATION OF THE INVESTOR'S MEMBER STATE AND OF THE ISSUER'S COUNTRY OF INCORPORATION MAY HAVE AN IMPACT ON THE INCOME RECEIVED FROM THE SECURITIES. THE ABOVE IS A SUMMARY OF THE ANTICIPATED TAX TREATMENT APPLICABLE TO THE BONDS AND TO BONDHOLDERS. THIS INFORMATION, WHICH DOES NOT CONSTITUTE LEGAL OR TAX ADVICE, REFERS ONLY TO BONDHOLDERS WHO DO NOT DEAL IN SECURITIES IN THE COURSE OF THEIR NORMAL TRADING ACTIVITY.

## 8 TERMS AND CONDITIONS OF THE BOND ISSUE

- 8.1 The following Terms and Conditions shall be read in conjunction with all the other terms and conditions relative to and regulating the contractual relationship created between the Issuer and the Guarantor on the one hand and the Bondholders on the other.
- 8.2 The issue and allotment of the Bonds is conditional upon (i) the Minimum Amount of €12,600,000 being subscribed for; (ii) the Guarantee being granted in terms of Annex I to this Securities Note; (iii) the Issuer obtaining the approval of the Existing Pharmacare Prospects MTF Bondholders for the early redemption of the 2018 Prospects MTF Bonds pursuant to a meeting called for the purpose in terms of the Company Admission Document, as well as the written approval of the MSE; and (iv) the Bonds being admitted to trading on the Official List. In the event that the Bonds are not admitted to the Official List any application monies received by the Issuer from all Applicants will be returned, without interest, by direct credit into the Applicant's bank account indicated by the Applicant/Authorised Intermediary on the relative Application / subscription agreement.
- 8.3 Applications for the Bonds may be lodged with any Authorised Intermediary (which include the Sponsor, Manager & Registrar) by not later than 12:00 hours (CET) on 20 January 2023. Applications must be accompanied by the full price of the Bonds applied for, in Euro. Payment may be made by credit transfer to the respective Authorised Intermediary, by cheque payable to the respective Authorised Intermediary or by any other method of payment as accepted by the respective Authorised Intermediary. In any case, acceptance of payment shall be made at the Authorised Intermediary's sole and absolute discretion and may be on the basis that the Applicant indemnifies the Authorised Intermediary against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of the Applicant's remittance to be honoured on first presentation, and that, at any time prior to unconditional acceptance by the Authorised Intermediary of such late payment in respect of such Bonds, the Authorised Intermediary may (without prejudice to other rights) treat the agreement to allocate such Bonds as void, in which case the Applicant will not be entitled to any refund or payment in respect of such Bonds (other than return of such late payment).
- 8.4 It is the responsibility of investors wishing to apply for the Bonds to inform themselves as to the legal requirements of so applying, including any requirements relating to external transaction requirements in Malta and any exchange control in the countries of their nationality, residence or domicile.
- 8.5 The contract created by the Issuer's acceptance of an Application filed by a prospective bondholder shall be subject to all the Terms and Conditions set out in this Securities Note.
- 8.6 If Applications are signed/delivered on behalf of another party or on behalf of a corporation or corporate entity or association of persons, the person signing will be deemed to have duly bound his/her principal,

or the relative corporation, corporate entity or association of persons, and will be deemed also to have given the confirmations, warranties and undertakings contained in these Terms and Conditions on their behalf. Such representative may be requested to submit the relative power of attorney/resolution or a copy thereof duly certified by a lawyer or notary public if so required by the Issuer, acting through the Registrar, but it shall not be the duty or responsibility of the Registrar or the Issuer to ascertain that such representative is duly authorised to appear on the Application and bind the Applicant.

- 8.7 Applications in the name of a corporation or corporate entity or association of persons need to include a valid Legal Entity Identifier (“LEI”) (which needs to be unexpired). Failure to include a valid LEI code will result in the Application being cancelled by the Issuer, acting through the Registrar, and subscription monies will be returned to the Applicant in accordance with the terms set out herein.
- 8.8 In the event that an Applicant fails to submit full information and/or documentation required with respect to an Application, the Applicant shall receive a full refund, without interest, by direct credit transfer to such account indicated by him/her/it at any time before the Bonds are admitted to listing on the Official List. Neither the Issuer nor the Registrar shall be responsible for any charges, loss or delay arising in connection with such credit transfer.
- 8.9 In the case of joint Applications, reference to the Applicant in these Terms and Conditions is a reference to each of the joint Applicants, and liability therefor is joint and several.
- 8.10 Applications in the name and for the benefit of minors shall be allowed provided that the Applicant already holds an account with the MSE. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption monies payable to the parent/s / legal guardian/s submitting the Application until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption monies shall be paid directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years.
- 8.11 The Bonds have not been and will not be registered under the Securities Act of 1933 of the United States of America and, accordingly, may not be offered or sold within the United States or to or for the account or benefit of a U.S. person.
- 8.12 No person receiving a copy of the Prospectus in any territory other than Malta may treat the same as constituting an invitation or offer to such person, nor should such person in any event use the Prospectus, unless, in the relevant territory, such an invitation or offer could lawfully be made to such person without contravention of any regulation or other legal requirements.
- 8.13 It is the responsibility of any person outside Malta wishing to make any Application to satisfy himself/herself/itself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.
- 8.14 Subject to all other Terms and Conditions set out in the Prospectus, the Issuer reserves the right to reject, in whole or in part, or to scale down, any Application, and to present any cheques and/or drafts for payment upon receipt. The right is also reserved to refuse any Application which in the opinion of the Issuer, acting through the Registrar, is not properly completed in all respects in accordance with the relative instructions or is not accompanied by the required documents.
- 8.15 Save where the context requires otherwise or where otherwise defined therein, terms defined in the Prospectus bear the same meaning when used in these Terms and Conditions, in any of the annexes and in any other document issued pursuant to the Prospectus.
- 8.16 The Issuer has not sought assessment of the Bonds by an independent credit rating agency.
- 8.17 Subject to all other Terms and Conditions set out in the Prospectus, the Issuer reserves the right to revoke the Bond Issue at any time before the closing of the Issue Period. The circumstances in which such

revocation might occur are expected to be exceptional, for example where a significant change in market conditions occurs.

- 8.18 The Bonds will be issued in multiples of €100. The minimum subscription amount of Bonds that can be subscribed for by all Applicants is €1,000.
- 8.19 For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations (Subsidiary Legislation 373.01), as may be amended from time to time, all appointed Authorised Intermediaries are under a duty to communicate, upon request, all information about clients as is mentioned in articles 1.2(d) and 2.4 of the “Members’ Code of Conduct” appended as Appendix 3.6 to Chapter 3 of the MSE Bye-Laws, irrespective of whether the said appointed Authorised Intermediaries are Malta Stock Exchange members or not. Such information shall be held and controlled by the Malta Stock Exchange in terms of the General Data Protection Regulation (EU) 2016/679 (GDPR) and the Data Protection Act (Chapter 586 of the laws of Malta) for the purposes and within the terms of the Malta Stock Exchange Data Protection Policy as published from time to time.
- 8.20 It shall be incumbent on the respective Authorised Intermediaries to ascertain that all other applicable regulatory requirements relating to subscription of Bonds by an Applicant are complied with, including without limitation the obligation to comply with all applicable MiFIR requirements as well as applicable MFSA Rules for investment services providers, all applicable Anti-Money Laundering and Counter Terrorist Financing rules and regulations, as well as the applicable MFSA Conduct of Business Rules.
- 8.21 By completing and delivering an Application for Bonds, the Applicant:
- i. agrees and acknowledges to have had the opportunity to read the Prospectus and to be deemed to have had notice of all information and representations concerning the Issuer and the Guarantor and the issue of the Bonds contained therein;
  - ii. warrants that the information submitted by the Applicant is true and correct in all respects. All Applications need to include a valid MSE account number in the name of the Applicant/s. Failure to include an MSE account number will result in the Application being cancelled by the Issuer (acting through the Registrar) and subscription monies will be returned to the Applicant. In the event of a discrepancy between the personal details (including name and surname and the Applicant’s address) provided by an Applicant and those held by the MSE in relation to the MSE account number indicated by the Applicant, the details held by the MSE shall be deemed to be the correct details of the Applicant;
  - iii. authorises the Registrar and the MSE to include his/her/its name or, in the case of joint Applications the first named Applicant, in the register of securities of the Issuer in respect of the Bonds allocated to such Applicant and further authorises the Issuer, the Registrar, the respective Authorised Intermediary and the MSE to process the personal data that the Applicant provides in connection with an Application for Bonds, for all purposes necessary and subsequent to the Bond Issue applied for, in accordance with the General Data Protection Regulation (EU) 2016/679 (GDPR) and the Data Protection Act (Chapter 586 of the laws of Malta). The Applicant has the right to request access to and rectification of the personal data relating to him/her/it as processed by the Issuer and/or the MSE. Any such requests must be made in writing and sent to the CSD. The requests must be signed by the Applicant to whom the personal data relates;
  - iv. confirms that in making such Application no reliance was placed on any information or representation in relation to the Issuer, the Guarantor or the issue of the Bonds other than what is contained in the Prospectus and, accordingly, agree/s that no person responsible solely or jointly for the Prospectus or any part thereof will have any liability for any such other information or representation;
  - v. agrees that the registration advice and other documents and any monies returnable to the Applicant may be retained pending clearance of his/her/its remittance or surrender of the 2018 Prospects MTF Bonds, as the case may be, and any verification of identity as required by the Prevention of Money Laundering Act (Chapter 373 of the laws of Malta) and regulations made thereunder, and that such monies will not bear interest;
  - vi. agrees to provide the Issuer, acting through the Registrar, with any information which it/they may request in connection with the Application;
  - vii. warrants, in connection with the Application, to have observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any

- issue, transfer or other taxes due in connection with his/her/its Application in any territory, and that the Applicant has not taken any action which will or may result in the Issuer or the Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Bonds or his/her/its Application;
- viii. warrants that all applicable exchange control or other regulations (including those relating to external transactions) have been duly and fully complied with;
  - ix. represents that the Applicant is not a U.S. person (as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended) and that he/she/it is not accepting the invitation set out in the Prospectus from within the United States of America, its territories or its possessions, or any area subject to its jurisdiction (the “United States”) or on behalf or for the account of anyone within the United States or anyone who is a U.S. person;
  - x. agrees that unless such Application is made with Calamatta Cuschieri Investment Services Limited as an Authorised Intermediary, Calamatta Cuschieri Investment Services Limited will not, in its capacity of Sponsor, treat the Applicant as its customer by virtue of such Applicant making an Application for the Bonds, and that Calamatta Cuschieri Investment Services Limited will owe the Applicant no duties or responsibilities concerning the price of the Bonds or their appropriateness and suitability for the Applicant;
  - xi. agrees that all documents in connection with the issue of the Bonds and any returned monies, including refunds of unapplied Application monies, if any, will be sent at the Applicant’s own risk and may be sent, in the case of documents, by post at the address (or, in the case of joint Applications, the address of the first named Applicant) as set out by the Applicant and in the case of monies by direct credit into the Applicant’s bank account as indicated by the Applicant;
  - xii. renounces to any rights the Applicant may have to set off any amounts the Applicant may at any time owe the Issuer against any amount due under the terms of these Bonds;
  - xiii. irrevocably offers to purchase the number of Bonds specified in his/her/its Application (or any smaller number for which the Application is accepted) at the Bond Issue Price subject to the Prospectus and the Terms and Conditions thereof;
  - xiv. warrants that his/her/its remittance will be honoured on first presentation and agrees that if such remittance is not so honoured on its first presentation, the Issuer, acting through the Registrar, reserves the right to invalidate the relative Application. Furthermore, the Applicant will not be entitled to receive a registration advice or to be registered in the register of Bondholders or to enjoy or receive any rights in respect of such Bonds, unless the Applicant makes payment in cleared funds and such consideration is accepted by the respective Authorised Intermediary (which acceptance shall be made in the Authorised Intermediary’s sole and absolute discretion and may be on the basis that the Applicant indemnifies the Authorised Intermediary against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of the Applicant’s remittance to be honoured on first presentation, and that, at any time prior to unconditional acceptance by the Authorised Intermediary of such late payment in respect of such Bonds, the Authorised Intermediary may (without prejudice to other rights) treat the agreement to allocate such Bonds as void and may allocate such Bonds to some other person, in which case the Applicant will not be entitled to any refund or payment in respect of such Bonds (other than return of such late payment));
  - xv. agrees that all Applications, acceptances of applications and contracts resulting therefrom will be governed by, and construed in accordance with, Maltese law and that he/she/it submits to the exclusive jurisdiction of the Maltese Courts and agrees that nothing shall limit the right of the Issuer to bring any action, suit or proceeding arising out of or in connection with any such Applications, acceptances of applications and contracts in any other manner permitted by law in any court of competent jurisdiction;
  - xvi. warrants that if he/she signs/delivers an Application on behalf of another party or on behalf of a corporation or corporate entity or association of persons, he/she has due authority to do so and such person, corporation, corporate entity or association of persons will also be bound accordingly, and will be deemed also to have given the confirmations, warranties and undertakings contained in these Terms and Conditions;
  - xvii. warrants that he/she is not under the age of eighteen (18) years or if he/she is lodging an Application in the name and for the benefit of a minor, warrants that he/she is the parent or legal guardian of the minor;
  - xviii. confirms that, in the case of a joint Application entered into in joint names, the first named Applicant shall be deemed the holder of the Bonds; and

- xix. agrees that, in all cases, any refund of unallocated Application monies, if any, will be sent to the Applicant by direct credit into the Applicant's bank account as indicated by the Applicant. No interest shall be due on refunds. The Issuer shall not be responsible for any loss or delay in transmission or any charges in connection therewith.

## **9 ADDITIONAL INFORMATION**

Save for the Financial Analysis Summary reproduced in Annex III of this Securities Note, the Prospectus does not contain any statement or report attributed to any person as an expert.

The Financial Analysis Summary dated 5 December 2022 has been included in Annex III of this Securities Note in the form and context in which it appears with the authorisation of Calamatta Cuschieri Investment Services Limited of Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034, Malta, which has given and has not withdrawn its consent to the inclusion of said report herein.

Calamatta Cuschieri Investment Services Limited does not have any beneficial interest in the Issuer or the Guarantor. The Issuer has received confirmation from Calamatta Cuschieri Investment Services Limited that the Financial Analysis Summary has been accurately reproduced in the Prospectus and that there are no facts of which the Issuer is aware that have been omitted and which would render the reproduced information inaccurate or misleading.

## ANNEX I – GUARANTEE

### THE GUARANTEE

**Pharmacare Premium Limited - C 45245**  
(the “Guarantor”)

To All Bondholders:

Reference is made to the issue of up to €17 million 6% Unsecured Bonds 2032 by Pharmacare Finance plc, a company registered in Malta bearing company registration number C 86057 (the “Issuer”), pursuant to and subject to the Terms and Conditions contained in the Securities Note forming part of the Prospectus dated 5 December 2022.

Now, therefore, by virtue hereof, Pharmacare Premium Limited (C 45245) hereby stands surety jointly and severally with the Issuer and irrevocably and unconditionally guarantees the due and punctual performance of all the obligations undertaken by the Issuer under the Bonds and, without prejudice to the generality of the foregoing, undertakes to pay all amounts of principal and interest which become due and payable by the Issuer to Bondholders under the Bonds, within sixty (60) days from the date such amount falls due and remains unpaid by the Issuer.

This Guarantee shall be governed by the laws of Malta.

Signed and executed on this the 5 December 2022, after approval of the board of directors of Pharmacare Premium Limited.



\_\_\_\_\_  
Hani Sarraf  
Director  
Pharmacare Premium Limited  
(C 45245)



\_\_\_\_\_  
Amin Farah  
Director  
Pharmacare Premium Limited  
(C 45245)

#### Interpretation

In this Guarantee, unless the context otherwise requires:

- (a) terms and expressions defined in or construed for the purposes of the Prospectus shall have the same meanings or be construed in the same manner when used in this Guarantee, unless defined otherwise in this Guarantee;
- (b) **“Indebtedness”** means any and all monies, obligations and liabilities now or hereafter due, owing or incurred by the Issuer under the Bonds to the Bondholders (whether alone and/or with others) in terms of the Prospectus and in any and all cases whether for principal, interest, capitalised interest, charges, disbursements or otherwise and whether for actual or contingent liability; and
- (c) **“writing”** or **“in writing”** shall mean any method of visual representation and shall include e-mails and other such electronic methods.

## Nature, scope and terms of the Guarantee

### 1. NATURE OF THE GUARANTEE

The offering of Bonds that will be made by the Issuer pursuant to the Prospectus will be made with the benefit of the joint and several corporate Guarantee of the Guarantor, the full terms of which are set out in clause 3 below.

### 2. INFORMATION ABOUT THE GUARANTOR

The information about the Guarantor required pursuant to the Capital Markets Rules and the Prospectus Regulation may be found in the Registration Document forming part of the Prospectus.

### 3. TERMS OF THE GUARANTEE

#### 3.1 Covenant to pay

For the purposes of the Guarantee, the Guarantor, as primary obligor, hereby jointly and severally with the Issuer irrevocably and unconditionally guarantees to each Bondholder that if for any reason the Issuer fails to pay any sum payable by it to such Bondholder pursuant to the Terms and Conditions of the Bonds detailed in the Securities Note as and when the same shall become due under any of the foregoing, the Guarantor will pay to such Bondholder on written demand the amount payable by the Issuer to such Bondholder. All demands shall be sent to the address stated below in clause 3.11 as the same may be changed by company announcement issued by the Issuer from time to time.

Such payment shall be made in the currency in force in Malta at the time the payment falls due.

All payments shall be made to Bondholders without any withholding for taxes (and in so far as this obligation exists under any law, the payment shall be grossed up by the amount of withholding) and without set-off for any amounts which may be then owing to the Guarantor by the Issuer.

This Guarantee shall apply to all Bonds issued on or about 3 February 2023 in accordance with the terms of the Securities Note.

#### 3.2 Guarantor as joint and several surety

The Guarantor will be liable under this Guarantee as joint and several surety with the Issuer.

#### 3.3 Maximum liability

This is a continuing Guarantee for the whole amount due or owing under the Bonds or which may hereafter at any time become due or owing under the Bonds by the Issuer, but the amount due by the Guarantor to the Bondholders under this Guarantee shall be up to and shall not be in excess of €17,000,000 (seventeen million Euro), apart from interest due up to the date of payment and costs and expenses relating to the protection, preservation, collection or enforcement of the Bondholders' rights against the Issuer and/or the Guarantor, which shall be additional to the maximum sum herein stated.

#### 3.4 Continuing and unconditional liability

The liability of the Guarantor under this Guarantee shall be continuing until such time as the Indebtedness is fully repaid and shall in no way be prejudiced or affected, nor shall it in any way be discharged or reduced, by reason of:

- a) the bankruptcy, insolvency or winding up of the Issuer; or
- b) the incapacity or disability of the Issuer; or
- c) any change in the name, style, constitution, any amalgamation or reconstruction of either the Issuer or the Guarantor; or
- d) a Bondholder conceding any time or indulgence, or compounding with, discharging, releasing or varying the liability of the Issuer or renewing, determining, reducing, varying or increasing any accommodation or transaction or otherwise dealing with the same in any manner whatsoever or concurring in, accepting or in any way varying any compromise, composition, arrangement or settlement or omitting to claim or enforce or extract payment from the Issuer; or



- e) any event, act or omission that might operate to exonerate the Guarantor without settlement in full of the Indebtedness towards the relevant Bondholder.

#### **4. Indemnity**

As a separate and alternative stipulation, the Guarantor unconditionally and irrevocably agrees that any Indebtedness to be payable by the Issuer but which is for any reason (whether or not now known or becoming known to the Issuer, the Guarantor or any Bondholder) not recoverable from the Guarantor, will nevertheless be recoverable from it as if it were the sole principal debtor and will be paid by it to the Bondholder on demand. This indemnity constitutes a separate and independent obligation from the other obligations in this Guarantee and gives rise to a separate and independent cause of action.

#### **5. Representations and warranties**

5.1 The Guarantor represents and warrants:

- (i) that it is duly incorporated and validly existing under the laws of Malta and has the power to carry on its business;
- (ii) that it has power to grant this Guarantee and that this Guarantee is duly authorised and all corporate action has been taken by the Guarantor in accordance with its deed of constitution and the laws of its incorporation and regulation;
- (iii) that this Guarantee constitutes and contains valid and legally binding obligations of the Guarantor enforceable in accordance with its terms;
- (iv) that this Guarantee does not and will not constitute default with respect to or run counter to any law, by-law, articles of incorporation, statute, rule, regulation, judgement, decree or permit to which the Guarantor is or may be subject, or any agreement or other instrument to which the Guarantor is a party or is subject or by which it or any of its property is bound;
- (v) that this Guarantee shall not result in or cause the creation or imposition of, or oblige the Guarantor to create, any encumbrance on the Guarantor's undertakings, assets, rights or revenues;
- (vi) that it is in no way engaged in any litigation, arbitration or administrative proceeding of a material nature (which for the purposes of this Guarantee shall mean proceedings relative to a claim amounting to at least €1.0 million) and nor is it threatened with any such procedures;
- (vii) that the obligations of the Guarantor under this Guarantee constitute general, direct and unsecured obligations of the Guarantor and rank equally with all its other existing and future unsecured obligations, except for any debts for the time being preferred by law;
- (viii) that it is not in material breach of or in default under any agreement relating to indebtedness to which it is a party or by which it may be bound, nor has any default occurred in its regard; and
- (ix) that all the information, verbal or otherwise, tendered in connection with the negotiation and preparation of this Guarantee is accurate and true and there has been no omission of any material facts.

5.2 As from the date of this Guarantee, until such time as the Indebtedness is paid in full to the Bondholders, and for as long as this Guarantee shall remain in force, the Guarantor shall hold true, good and valid all the representations and warranties given under this clause.

#### **4. Deposit and production of the Guarantee**

The original instrument creating this Guarantee shall be deposited with and be held by the Issuer at its registered address for the benefit of the Bondholders until all obligations of the Guarantor have been discharged in full, and until such time the Guarantor acknowledges the right of every Bondholder to obtain a copy of the instrument creating the Guarantee.

#### **5. Subrogation**

Until all amounts which may be payable under the terms of the Bonds have been irrevocably paid in full, the Guarantor shall not by virtue of this Guarantee be subrogated to any rights of any Bondholder or claim in competition with the Bondholders against the Issuer.

#### **6. Benefit of the Guarantee and no assignment**

This Guarantee is to be immediately binding upon the Guarantor for the benefit of the Bondholders. The Guarantor shall not be entitled to assign or transfer any of its obligations under this same Guarantee.

## 7. Amendments

The Guarantor has the power to veto any changes to the Terms and Conditions of the Bonds which are issued with the benefit of this Guarantee, limitedly in cases in which such amendments may give rise to changes in: (i) the amount payable by the Guarantor under this Guarantee; (ii) the term and/or frequency of such payments; (iii) the Events of Default listed in sub-section 6.15 of the Securities Note; and/or (iv) any other term which may otherwise increase the exposure of the Guarantor to the enforcement of this Guarantee.

## 8. Notices

For notification purposes in connection with this Guarantee, the proper address and telephone number of the Guarantor is:

Pharmacare Premium Limited - C 45245

Address: HHF 003, Hal Far Industrial Estate, Hal Far, Birzebbugia BBG 3000, Malta  
Telephone number: +356 22230000  
Contact person: The Company Secretary

## 9. Governing law and jurisdiction

This Guarantee is governed by and shall be construed in accordance with Maltese law.

Any dispute, controversy or claim arising out of or relating to this Guarantee or as to the interpretation, validity, performance or breach thereof shall be brought exclusively before the Maltese courts.



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Hani Sarraf  
Director  
Pharmacare Premium Limited  
(C 45245)



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Amin Farah  
Director  
Pharmacare Premium Limited  
(C 45245)

## **ANNEX II – LIST OF AUTHORISED INTERMEDIARIES**

### **Bank of Valletta p.l.c.**

Premium Banking Centre, 475,  
Triq il-Kbira San Guzepp,  
St Venera SVR 1011  
22751732

### **Calamatta Cuschieri Investment Services Limited**

Ewropa Business Centre,  
Triq Dun Karm,  
Birkirkara BKR 9034  
25688688

### **MeDirect Bank (Malta) p.l.c.**

The Centre,  
Tigne' Point,  
Sliema TPO 0001  
25574400

### **Michael Grech Financial Investment Services Limited**

The Brokerage,  
St Marta Street,  
Victoria, Gozo VCT 2550  
22587000

### **MZ Investment Services Ltd**

63,  
St. Rita Street,  
Rabat RBT 1523  
21453739

## **ANNEX III – FINANCIAL ANALYSIS SUMMARY**

The Directors  
**Pharmacare Finance p.l.c.**  
HHF 003, Hal Far Industrial Estate,  
Birzebbugia BBG 3000,  
Malta

5 December 2022

**Re: Financial Analysis Summary – 2022**

Dear Sirs,

In accordance with your instructions, and in line with the requirements of the MFSA Listing Policies, we have compiled the Financial Analysis Summary (the “**Analysis**”) set out on the following pages and which is being forwarded to you together with this letter.

The purpose of the financial analysis is that of summarising key financial data appertaining to Pharmacare Finance p.l.c. (the “**Issuer**”) and Pharmacare Premium Limited (the “**Guarantor**”), where the latter is the parent company of the Issuer as explained in part 1 of the Analysis. The data is derived from various sources or is based on our own computations as follows:

- (a) Historical financial data for the three years ended 31 December 2019, 2020 and 2021 has been extracted from the audited financial statements of the Issuer and Guarantor for the three years in question.
- (b) The forecast data for the financial years ending 2022, 2023, 2024 and 2025 has been provided by management.
- (c) Our commentary on the Issuer and Guarantor’s results and financial position is based on the explanations set out by the Issuer in the Prospectus and on the MFSA Listing Policies.
- (d) The ratios quoted have been computed by us applying the definitions set out in Part 4 of the Analysis.
- (e) The principal relevant market players listed in Part 3 of the document have been identified by management. Relevant financial data in respect of competitors has been extracted from public sources such as the web sites of the companies concerned or financial statements filed with the Registrar of Companies or websites providing financial data.

The Analysis is meant to assist potential investors by summarising the more important financial data set out in the Prospectus. The Analysis does not contain all data that is relevant to potential investors and is meant to complement, and not replace, the contents of the full Prospectus. The Analysis does not constitute an endorsement by our firm of the proposed bond issue and should not be interpreted as a recommendation to invest in the Issuer’s securities. We shall not accept any liability for any loss or damage arising out of the use of the Analysis and no representation or warranty is provided in respect of the reliability of the information contained in the Prospectus. Potential investors are encouraged to seek professional advice before investing in the Issuer’s securities.

Yours sincerely,



Patrick Mangion  
Head of Capital Markets

# FINANCIAL ANALYSIS SUMMARY 2022



5 December 2022

Prepared by Calamatta Cuschieri  
Investment Services Limited

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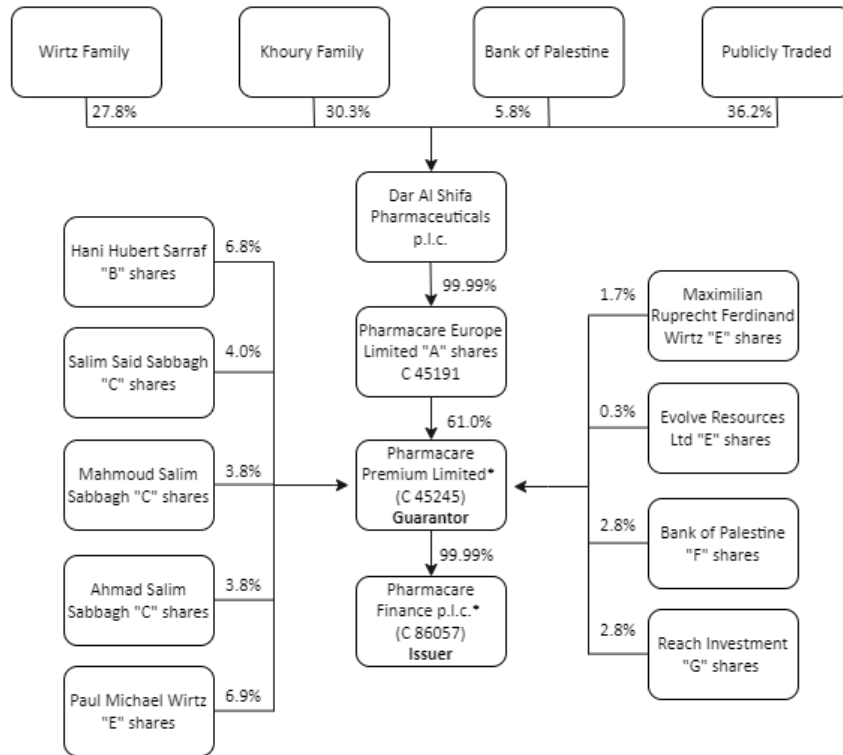


## Part 1 - Information about the Group

Pharmacare Finance p.l.c. (the “**Issuer**”) has applied for a bond issue in respect of €17m 6% Unsecured Bonds 2033, of a nominal value of €100 per bond issued at par. This Financial Analysis Summary has been prepared in line with the MFSA Listing Policies.

### 1.1. Issuer’s Key Activities and Structure

The Group structure is as follows:



\*Remaining shares are held by Bassim Khoury Nasr

The Issuer was incorporated on 30 April 2018 and has, at the date of this Analysis, an authorised and issued share capital of €250,000 divided into 250,000 Ordinary Shares of €1 each, all fully paid up. The Issuer was set up and established to act as a finance company. This means that the principal objectives of the Issuer include lending and advancing money, giving credit and granting guarantees or other security to or in favour of companies which form part of the same group of companies.

Pharmacare Premium Limited is a private limited liability company registered in Malta on 1 October 2008, with registration number C 45245. The company is 61% owned by its holding company, Pharmacare Europe Limited, a limited liability company registered in Malta on 23 September 2008 which is ultimately owned by Dar Al Shifa Company plc. The authorised and issued share capital of the Guarantor is

€24,000,000 divided into 24,000,000 ordinary shares having a nominal value of €1 each. The principal objective of Pharmacare Premium Limited is to develop, register, manufacture and supply pharmaceutical products.

Dar Al Shifa Company p.l.c., was established in 1985 as a public limited company by a group of Palestinian entrepreneurs led by the late Mr Subhi Khoury, a pioneer pharmacist who started the first pharmaceutical manufacturing company in Jordan in 1962. It was listed on the Palestine Securities Exchange in June 2013 and later on became the first Palestinian pharmaceutical company to export internationally. Dar Al Shifa has specialized in the manufacturing and distribution of human and veterinary drugs. Operating in a highly demanding and competitive industry, Dar Al Shifa saw the need to align itself with global

innovators. In 1999, it entered into a joint venture with the Wirtz family, owners of the German pharmaceutical company Grunenthal.

As per the company admission document dated 17 October 2018 issued by the Issuer, the Issuer issued €5m unsecured bonds maturing in 2025-2028 (“**2018 Prospects MTF Bonds**”). These bonds trade on the Prospects MTF List of the Malta Stock Exchange.

## 1.2. Directors and Key Employees

### Board of Directors - Issuer

As of the date of this Analysis, the following persons constitute the board of directors (the “**Directors**”) of the Issuer:

Name	Office Designation
Mr Bassim Khoury	Chairman and Executive Director
Mr Amin Farah	Executive Director
Mr Hani Sarraf	Executive Director
Mr Louis Borg Manché	Independent, non-Executive Director
Ms Marisa Tanti	Independent, non-Executive Director
Mr Mark Vassallo	Independent, non-Executive Director

The business address of all of the directors is the registered office of the Issuer.

Dr Katia Cachia is the company secretary of the Issuer.

The board of the Issuer is composed of 6 directors who are entrusted with its overall direction and management. The executive directors are in charge of the decision-making and the day-to-day management of the Issuer, whereas the non-executive directors, all of whom are independent of the Issuer, monitor the executive activity of the Issuer and contribute to the development of its corporate strategy, by providing objective and impartial scrutiny.

### Board of Directors – Guarantor

As of the date of this Analysis, the board of directors of the Guarantor is constituted by the following persons:

Name	Office Designation
Mr Bassim Khoury	Chairman and Executive Director
Mr Amin Farah	Executive Director
Mr Hani Sarraf	Executive Director
Mr Paul Michael Wirtz	Non-Executive Director
Mrs Sandra Issa Tawfiq Habesch	Non-Executive Director
Mr Yousef Issa Tawfiq Habesch	Non-Executive Director
Mr Mohammad Tahseen Salim Said Sabbagh	Non-Executive Director

The business address of all of the directors is the registered office of the Issuer.

Mr Bassim Khoury is the company secretary of the Guarantor.

The board of the Guarantor is composed of 7 directors who are entrusted with its overall direction and management of the day-to-day management.

## 1.3. Major Assets owned by the Group

### 1.3.1. Temporary emphyteusis – Land

On 12 June 2017 Pharmacare Premium entered into a 65-year temporary emphyteusis for a plot of land including buildings. The built up area measures 4,596m<sup>2</sup> whilst the unbuilt area measures approximately 5,908m<sup>2</sup> and is bounded on all sides by Government property. Pharmacare Premium is permitted to use the property exclusively for an industrial purpose. The facility is an EU-GMP approved site equipped with leading technology, machinery and equipment. This asset is accounted for as a right of use asset (with a corresponding lease liability) in line with IFRS 16. The land was revalued in FY17 and then again in FY21. As at 31 December 2021, the right of use asset had a closing balance of €15.7m.

### 1.3.2. Intangible assets of the Group

Pharmacare Premium is approved for full chemical and microbiological testing and certification for any EU member state. As at 31 December 2021, Pharmacare Premium’s intangible assets totalled €6.3m and consisted of 0.4m related to Licences and Regulatory, €1.5m related to Internally Generated Intellectual Property and €4.4m related to Product Development. Pharmacare Premium holds a licence to operate as a pharmaceutical company in Europe, Turkey, Brazil and Iraq amongst others, which are issued by the Health Authorities of each country.

On the other hand, internally generated intellectual property includes all own product developments of Anastrozole, Bicalutamide, Capecitabine and Letrozole and capitalisation of labour costs for these products. Pharmacare Premium also holds product specific licenses for these four products. Product development includes all product development of Sunitinib, Sorafenib, Teriflunomide, Pazopanib and capitalisation of labour costs for these products. Given that the value of Pharmacare Premium’s

intangible assets is based on cost, and is not revalued to reflect market value, there is potentially added value from the development of these products, which is not captured on the company's books.

### 1.3.3. Plant and equipment

Pharmacare Premium's equipment and machinery originally cost €10.5 million, but after taking depreciation into account, translates into a net book value of €5.0 million as at 31 December 2021. This consists of high-end equipment dedicated for high potency contained production, tablet coating and packaging of the tablets. Lab equipment includes mostly laboratory equipment used for quality control and quality assurance.

## 1.4. Operational Developments

### 1.4.1. Facility expansion

On 20 November 2020 an agreement was signed with Xspray Pharma AB of Sweden whereby Pharmacare Premium will provide a 10-year facility operation of equipment. Hence, Pharmacare Premium will invest €1.3 million in adaptation of the facility at the Pharmacare Premium site. Furthermore, Xspray contracted at least two production lines from Pharmacare Premium for €0.8m per annum over a 10-year period to make a €7.6 million commitment. The Group will be processing new key ingredients for pharmaceutical products using Xspray's patented technology. The key market is USA, a new market for the Group, which constitutes almost half of the world's market for anti-cancer medications by value.

### 1.4.2. Own Product Developments

In the first half of 2022, the company received the Health Authority's approval from the Maltese Authorities as well as other health authorities within and outside Europe, for the first two products developed (namely, Sunitinib and Sorafenib) and proceeded to launch both products in the first European markets to open for generics. Additional market launches are planned imminently in Europe, MENA, Asia and Latin America as more registration approvals are issued, and patents expire.

During the same period, the company successfully completed the development of Teriflunomide and Pazopanib. Both were submitted to several Health Authorities worldwide, including Malta for approval. There are currently 4 products which are currently in development, namely Lenvatinib, Apremilast, Nilotinib and Bosutinib with expected completion in 2023. Additionally, there are 8 new products which are expected to be developed through the bond proceeds.

### Use of proceeds

The net proceeds of the Bonds, which are expected to amount within the region of €16.65m, are earmarked by the Issuer for the following purposes:

- *Circa* €5.2m for the redemption of the outstanding amount of 2018 Prospects MTF Bonds;
- *Circa* €3.6m for the development and finishing costs associated with the capacity expansion of the group's laboratory and pilot-scale formulation within the existing buildings and investment property, plant and equipment ancillary to the Group's operation at the said facility;
- *Circa* €3.8m for financing further product development; and
- *Circa* €4.05m for general corporate funding purposes.

Bond issue costs are estimated at €350k and will be amortised over the term of the Bond.

## 1.5. Impact of the Pandemic

The COVID-19 pandemic has changed the business environment for many organizations around the globe, and has highlighted the importance of being able to react, adapt, and set up crisis management mechanisms in order to weather situations of uncertainty. Fortunately, for the pharmaceutical industry, much of the doom and gloom forecast in 2020 failed to materialise. Stalled clinical trials got back on track, deals got done, and the United States Food and Drug Administration ('FDA') continued to approve drugs at similar rates to previous years. In fact, many existing pharmaceutical trends have accelerated.

## Part 2 - Historical Performance and Forecasts

The financial information below is extracted from the audited consolidated financial statements of the Issuer and the Guarantor for the financial years ended 31 December 2019, 2020 and 2021. Group management has provided the projected financial information for the year ending 31 December 2022, 2023, 2024 and 2025.

The projected financial information relates to events in the future and are based on assumptions which the management believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecast and actual results may be material.

### 2.1. Issuer's Statement of Comprehensive Income

Issuer's Statement of Comprehensive Income for the year ended 31 December	2019A	2020A	2021A
	€'000s	€'000s	€'000s
Finance income	334	334	338
Finance costs	(287)	(288)	(288)
<b>Net interest earned</b>	<b>47</b>	<b>46</b>	<b>50</b>
Amortisation of issue costs	(12)	(12)	(12)
Administrative overheads	(26)	(38)	(38)
<b>Profit / (loss) before tax</b>	<b>9</b>	<b>(4)</b>	<b>-</b>
Tax	-	-	(15)
<b>Profit / (loss) after tax</b>	<b>9</b>	<b>(4)</b>	<b>(15)</b>

The Issuer was set up as the finance company of the Pharmacare Group and therefore its revenue consists of interest income generated on the funds advanced to its Parent, currently being the proceeds from the 2018 Prospects MTF Bonds net of issue costs. Finance costs, on the other hand, comprise the interest incurred by the Issuer on the aforementioned debt securities. Finance income and finance costs have remained stable in the historical years at around €0.3m.

The bond issue costs of the 2018 Prospects MTF Bonds are being amortised over 10 years and so remained constant in the historical years. Administrative overheads primarily pertain to professional fees, director fees and auditor's remuneration. The increase in administrative expenses between FY19 and FY20 was mainly due to an increase in professional fees. Following tax payments, loss for the year was €15k in FY21 (FY20: €4k).

## 2.2. Issuer's Statement of Financial Position

Issuer's Statement of Financial Position as at 31 December	2019A	2020A	2021A
	€'000s	€'000s	€'000s
<b>Assets</b>			
<b>Non-current assets</b>			
Interest bearing receivables	4,879	4,879	4,879
<b>Total non-current assets</b>	<b>4,879</b>	<b>4,879</b>	<b>4,879</b>
<b>Current assets</b>			
Other receivables	101	127	147
Cash and cash equivalents	-	-	-
<b>Total current-assets</b>	<b>101</b>	<b>127</b>	<b>147</b>
<b>Total assets</b>	<b>4,980</b>	<b>5,006</b>	<b>5,026</b>
<b>Equity</b>			
Share capital	47	47	47
Accumulated losses	(20)	(24)	(39)
<b>Total equity</b>	<b>27</b>	<b>23</b>	<b>8</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Interest bearing borrowings	4,890	4,903	4,915
<b>Total non-current liabilities</b>	<b>4,890</b>	<b>4,903</b>	<b>4,915</b>
<b>Current liabilities</b>			
Other payables	63	80	88
Taxation payable	-	-	15
<b>Total current liabilities</b>	<b>63</b>	<b>80</b>	<b>103</b>
<b>Total liabilities</b>	<b>4,953</b>	<b>4,983</b>	<b>5,018</b>
<b>Total equity and liabilities</b>	<b>4,980</b>	<b>5,006</b>	<b>5,026</b>

The Issuer's balance sheet remained relatively stable in the 3 historical years. The Issuer's total assets stood at €5.0 million in FY21 and primarily consisted of loans and receivables. Of this, €4.9 million are classified as non-current assets and consist of the funds raised in 2018 Prospects MTF Bonds which were advanced to its Parent net of issue costs, whilst the €0.1m classified as current assets relate to other receivables principally made up of the accrued interest from loan anniversary date to end of year to be received from the parent company. No provision for expected credit losses was included in the financial statements as the prospective bond issue and interest thereon is guaranteed by the Parent and

the Directors have therefore assessed that the probability of default and loss given default are non-existent. The Issuer's equity is made up of share capital of €47k and non-distributable reserve which fluctuate depending on the profit / losses registered by the Issuer throughout the years. On the liabilities side, Interest bearing borrowings relate to the 2018 Prospects MTF Bonds and are stated net of amortisation of bond issue costs. Other payables in FY21 remained constant at €0.1m and primarily consisted of accrued interest on the outstanding securities and trade payables with respect to expenses incurred by the Issuer.

### 2.3. Issuer's Statement of Cash Flows

Issuer's Statement of Cash Flows for the year ended 31 December	2019A	2020A	2021A
	€'000s	€'000s	€'000s
<b>Operating Activities</b>			
<b>Profit / (loss) before tax</b>	9	(4)	-
<i>Adjustments</i>			
Amortisation of bond costs	12	12	12
<i>Changes In:</i>			
Accrued finance income	(34)	(47)	(20)
Other receivables	(5)	(2)	-
Accrued finance expense	-	1	1
Other payables	(2)	16	7
Cash used in operations	(20)	(24)	-
Taxation paid	-	-	-
<b>Net cash generated from / (used in) operating activities</b>	<b>(20)</b>	<b>(24)</b>	<b>-</b>
<b>Investing Activities</b>			
<b>Net cash generated from / (used in) investing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financing Activities</b>			
Movements on directors' account	(2)	-	-
Movement on related company accounts	(2)	-	-
Movement in parent company accounts	(22)	24	-
<b>Net cash generated from / (used in) financing activities</b>	<b>(26)</b>	<b>24</b>	<b>-</b>
<b>Movement in cash and cash equivalents</b>	<b>(46)</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents at start of year	46	-	-
<b>Cash and cash equivalents at end of year</b>	<b>-</b>	<b>-</b>	<b>-</b>

Given the Issuer's treasury management function its main cash movements, other than that of raising and repaying debt instruments is to advance loans to its Parent against an annual interest charge of 6.75%, which was increased to 7.0% as from 1 July 2021 onwards.

The interest rate on this loan advancement was set at a rate of 1% higher than the bond interest, so that the spread allows the Issuer to pay for any administrative expenses it incurs to administer its debt instrument on behalf of the Parent. Opening and closing cash positions in the historical 3 years were always negligible.

#### 2.4. Issuer's Projected Statement of Comprehensive Income

Issuer's Statement of Comprehensive Income for the year ended 31 December	2022P	2023P	2024P	2025P
	€'000s	€'000s	€'000s	€'000s
Finance income	493	1,207	1,207	1,207
Finance costs	(503)	(1,020)	(1,020)	(1,020)
<b>Net interest earned</b>	<b>(10)</b>	<b>187</b>	<b>187</b>	<b>187</b>
Amortisation of issue costs	(16)	(35)	(35)	(35)
Administrative overheads	(60)	(61)	(62)	(64)
<b>Profit / (loss) before tax</b>	<b>(86)</b>	<b>91</b>	<b>90</b>	<b>88</b>
Tax	3	(66)	(66)	(65)
<b>Profit / (loss) after tax</b>	<b>(83)</b>	<b>25</b>	<b>24</b>	<b>23</b>

In FY22, both finance income and finance costs are expected to reach around €0.5m before increasing sharply to €1.2m and €1.0m respectively in FY23 due to the issuance of the prospective bond. Administrative expenses are expected to increase to €60k in FY22 following the fees incurred on the prospective bond issue and will include corporate

governance fees, administrative set-up, directors' remuneration, accountancy and auditing fees. After adjusting for tax payments, the Issuer expects to post a loss of €83k in FY22 and profit of €25k in FY23. Management expects the income statement of the Issuer to remain relatively consistent in all aspects in FY24 and FY25.



## 2.5. Issuer's Projected Statement of Financial Position

Issuer's Statement of Financial Position as at 31 December	2022P	2023P	2024P	2025P
	€'000s	€'000s	€'000s	€'000s
<b>Assets</b>				
<b>Non-current assets</b>				
Interest-bearing receivables	4,879	16,650	16,650	16,650
<b>Total non-current assets</b>	<b>4,879</b>	<b>16,650</b>	<b>16,650</b>	<b>16,650</b>
<b>Current assets</b>				
Other receivables	201	201	201	201
Cash and cash equivalents	145	229	288	346
<b>Total current assets</b>	<b>346</b>	<b>430</b>	<b>489</b>	<b>547</b>
<b>Total assets</b>	<b>5,225</b>	<b>17,080</b>	<b>17,139</b>	<b>17,197</b>
<b>Equity</b>				
Share capital	250	250	250	250
Accumulated losses	(121)	(96)	(72)	(49)
<b>Total equity</b>	<b>129</b>	<b>154</b>	<b>178</b>	<b>201</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Interest bearing borrowings	4,930	16,690	16,725	16,761
<b>Total non-current liabilities</b>	<b>4,930</b>	<b>16,690</b>	<b>16,725</b>	<b>16,761</b>
<b>Current liabilities</b>				
Other payables	170	170	170	170
Taxation payable	(4)	66	66	65
<b>Total current liabilities</b>	<b>166</b>	<b>236</b>	<b>236</b>	<b>235</b>
<b>Total liabilities</b>	<b>5,096</b>	<b>16,926</b>	<b>16,961</b>	<b>16,996</b>
<b>Total equity and liabilities</b>	<b>5,225</b>	<b>17,080</b>	<b>17,139</b>	<b>17,197</b>

In FY23, total assets are expected to increase to €17.1m (FY22: €5.2m) in line with the prospective bond issue. Non-current assets are expected to remain stable following the prospective bond issue at €16.7m. Cash and cash equivalents on the other hand are expected to increase slightly year on year reaching €0.4m in FY25. Share capital is expected to

increase to 0.3m in FY22 and remain constant throughout the 4 forecasted years. Total liabilities are also expected to increase sharply in FY23 and reach €16.9m (FY22: €5.1m) mainly due to the increase in interest bearing borrowings that make up non-current liabilities. Liabilities are expected to remain stable following the prospective bond issue.

## 2.6. Issuer's Projected Statement of Cash Flows

Issuer's Statement of Cash Flows for the year ended 31 December	2022P	2023P	2024P	2025P
	€'000s	€'000s	€'000s	€'000s
<b>Operating Activities</b>				
<b>Profit / (loss) before tax</b>	(87)	91	90	88
<i>Adjustments</i>				
Amortisation of bond costs	16	35	35	35
<i>Changes In</i>				
Accrued finance income	(61)	-	-	-
Other receivables	7	-	-	-
Accrued finance expense	118	-	-	-
Other payables	(36)	-	-	-
<b>Cash generated from / (used in) operations</b>	<b>(43)</b>	<b>126</b>	<b>125</b>	<b>123</b>
Taxation paid	(15)	4	(66)	(65)
<b>Net cash generated from / (used in) operating activities</b>	<b>(58)</b>	<b>130</b>	<b>59</b>	<b>58</b>
<b>Investing Activities</b>				
Loan advanced to Parent	-	(11,771)	-	-
<b>Net cash generated from / (used in) investing activities</b>	<b>-</b>	<b>(11,771)</b>	<b>-</b>	<b>-</b>
<b>Financing Activities</b>				
Issue of share capital	203	-	-	-
Bond issue proceeds	-	12,075	-	-
Bond expenses	-	(350)	-	-
<b>Net cash generated from / (used in) financing activities</b>	<b>203</b>	<b>11,725</b>	<b>-</b>	<b>-</b>
<b>Movement in cash and cash equivalents</b>	<b>145</b>	<b>84</b>	<b>59</b>	<b>58</b>
Cash and cash equivalents at start of year	-	145	229	288
<b>Cash and cash equivalents at end of year</b>	<b>145</b>	<b>229</b>	<b>288</b>	<b>346</b>

In FY23, more significant movements in both financing activities and investing activities related to the prospective bond issue are expected to lead to a net positive movement in cash and cash equivalents of €0.1m. In FY24, the Issuer expects a further €0.1m inflow of cash and cash equivalents,

which will lead to a closing balance of €0.3m. This €0.1m inflow is expected to come from the profit registered for the year. Management expects the subsequent year on year profit to lead to an ending cash balance of €0.4m in FY25.

## 2.7. Guarantor's Statement of Comprehensive Income

Guarantor's Statement of Comprehensive Income for the year ended 31 December	2019A	2020A	2021A
	€'000s	€'000s	€'000s
Revenue	2,263	4,083	6,180
Cost of sales	(2,185)	(2,178)	(2,602)
<b>Gross profit</b>	<b>78</b>	<b>1,905</b>	<b>3,578</b>
Overheads	(1,815)	(1,964)	(1,817)
<b>EBITDA</b>	<b>(1,737)</b>	<b>(59)</b>	<b>1,761</b>
Depreciation and Amortisation	(1,389)	(1,420)	(1,035)
Interest on lease liability	(100)	(101)	(102)
Interest on loans	(517)	(450)	(485)
Net equity movement in subsidiary	-	(23)	(15)
<b>Profit / (loss) before tax</b>	<b>(3,743)</b>	<b>(2,053)</b>	<b>124</b>
Tax	-	(33)	(75)
<b>Profit / (loss) after tax</b>	<b>(3,743)</b>	<b>(2,086)</b>	<b>49</b>
Revaluation of ROU Assets	-	-	1,458
Movement in deferred tax on revaluation of ROU Assets	(515)	-	(45)
<b>Total comprehensive income / (loss)</b>	<b>(4,258)</b>	<b>(2,086)</b>	<b>1,462</b>

Ratio Analysis	2019A	2020A	2021A
<b>Profitability</b>			
Growth in Revenue (YoY Revenue Growth)	N/A	80.42%	51.36%
Gross Profit Margin (Gross Profit/ Revenue)	3.4%	46.7%	57.9%
EBITDA Margin (EBITDA / Revenue)	-76.8%	-1.4%	28.5%
Operating (EBIT) Margin (EBIT / Revenue)	-138.1%	-36.8%	11.5%
Net Margin (Profit for the year / Revenue)	-165.4%	-51.1%	0.8%
Return on Common Equity (Net Income / Average Equity)	-31.6%	-16.8%	0.3%
Return on Assets (Net Income / Average Assets)	-13.0%	-7.1%	0.2%
Return on capital employed (EBITDA/ Total Assets - Current Liabilities)	-6.9%	-0.2%	-6.3%
EBITDA Growth	N/A	96.6%	3084.7%

Whenever Pharmacare Premium is requested to manufacture pharmaceuticals on behalf of its clients, an agreement between the parties is entered into. The agreements with clients usually indicate tablet pricing which is typically variable and is based on the quantities to be ordered by a client. The total quantity of tablets/batches to be produced for the respective clients are not stipulated within the contracts.

Management informed us that this is a standard practice in the pharmaceutical contract manufacturing sector, as it allows clients to scale production accordingly, depending upon product sales. Revenue increased from €2.3 million in FY19 to €6.2 million in FY21. The Guarantor has 3 main revenue streams which are contract testing, contract manufacturing, and own products. Contract testing and contract manufacturing have been Pharmacare Premium's primary revenue streams since its inception. The Guarantor registered strong growths in revenue of 80.4% in FY20 and 51.4% in FY21.

In FY18, the company commenced generating revenue from sales and licensing of own products and, in FY19, this revenue stream surpassed that of contract testing. Initially it was through the sale of own products but, as from FY20, the company also generated revenue from the licensing fees of Own Product Development. In FY21 Contract Manufacturing made up 72.4% (€4.5m) of total revenue whilst sales and licensing of own products made up 20.1% (€1.2m).

Contract Testing revenue decreased between FY19 and FY21 mainly due to the Guarantor focusing on contract manufacturing services and Own Product Development due to the relatively lower profit margins achieved on contract testing services, particularly because contract testing requires a relatively higher investment of administrative and quality assurance resources. The second reason for lower contract testing revenue was discontinuance of an existing contract, which historically, generated almost half of contract testing revenue.

It is the Guarantor's intention to decrease this revenue stream further in order to focus on Own Product Development. Cost of sales primarily consists of direct consumables, direct salaries and sub-contracted services. In FY21, COS amounted to €2.6m of which €1.0m related to direct wages (mainly quality control and operations personnel). Direct costs made up 26.2% (€0.7m) of COS and consist of maintenance services, internal repairs of machinery, calibration and gas costs of machinery, heating oil, boiler room costs and workshop expenses.

Subcontracting services amounted to €0.8m in FY21 and relate to the products acquired from Dar Al-Shifa, which are then tested and packaged by the Guarantor. The Guarantors gross profit margins increased year on year going from 3.4% in FY19 and reaching 57.9% in FY21. In FY21, administrative overheads came in at €1.8m and mainly included administrative wages, directors' consultancy fees and salaries, utilities, premises expenses and professional fees. After accounting for administrative overheads, the

Guarantor managed an EBITDA of €1.8m (FY20: -€59k). In FY21, depreciation and amortisation decreased to €1.0m (FY20: €1.4m).

This decrease was mainly due to a reduction in the depreciation rates following a review and subsequent extension of the useful lives of the Guarantor's equipment and machinery. Finance costs on the other hand increased slightly in FY21 to a total of €0.6m (FY20: €0.5m). This led to a profit before tax of €0.1m (FY20: -€2.1m). Tax for the year amounted to €75k, which meant that profit after tax came in at €49k (FY20: -€2.1m).

After adjusting for a revaluation on Right-of-use assets the Guarantor managed a comprehensive income of €1.5m in FY21 (FY20: -€2.1m). Net profit margins before taking into account the revaluation were negative in FY19 and FY20 coming in at -165.4% and -51.1% respectively. In FY21, on the other hand the Guarantor managed to register a slightly positive net profit margin of 0.8%.

## 2.8. Guarantor's Statement of Financial Position

Guarantor's Statement of Financial Position as at 31 December	2019A	2020A	2021A
	€'000s	€'000s	€'000s
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5,578	4,925	4,958
Right of use assets	14,613	14,389	15,650
Intangible assets	3,395	4,660	6,311
Investment in subsidiary	47	23	8
<b>Total non-current assets</b>	<b>23,633</b>	<b>23,997</b>	<b>26,927</b>
<b>Current assets</b>			
Inventories	762	1,333	2,096
Trade and other receivables	1,908	3,265	4,671
Non-interest bearing receivables	86	-	-
Cash and cash equivalents	2,338	1,076	550
<b>Total current assets</b>	<b>5,094</b>	<b>5,674</b>	<b>7,317</b>
<b>Total assets</b>	<b>28,727</b>	<b>29,671</b>	<b>34,244</b>
<b>Equity</b>			
Share capital	14,229	14,229	16,628
Share premium	6,546	6,546	8,945
Capital contribution	1,596	4,799	2,380
Revaluation reserve	8,861	8,700	9,951
Accumulated losses	(19,397)	(21,322)	(21,112)
<b>Total equity</b>	<b>11,835</b>	<b>12,952</b>	<b>16,794</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Bank borrowings	1,517	1,354	970
Interest bearing borrowings	6,871	7,605	6,288
Non-Interest bearing borrowings	1,446	131	29
Lease liability	1,188	1,197	1,210
Other social taxes	1,132	1,471	1,390
Deferred tax	1,207	1,207	1,252
<b>Total non-current liabilities</b>	<b>13,361</b>	<b>12,965</b>	<b>11,139</b>
<b>Current liabilities</b>			
Bank borrowings	402	470	470
Bank overdraft	446	221	394
Interest bearing borrowings	513	513	1,116
Non-interest bearing borrowings	26	38	1,050
Lease liability	89	89	91
Trade and other payables	2,055	2,423	3,190
<b>Total current liabilities</b>	<b>3,531</b>	<b>3,754</b>	<b>6,311</b>
<b>Total liabilities</b>	<b>16,892</b>	<b>16,719</b>	<b>17,450</b>
<b>Total equity and liabilities</b>	<b>28,727</b>	<b>29,671</b>	<b>34,244</b>

Ratio Analysis	2019A	2020A	2021A
<b>Financial Strength</b>			
Gearing 1 (Net Debt / Net Debt and Total Equity)	42.33%	44.5%	37.3%
Gearing 2 (Total Liabilities / Total Assets)	58.8%	56.3%	51.0%
Gearing 3 (Net Debt / Total Equity)	73.4%	80.1%	59.5%
Net Debt / EBITDA	-5.0x	-175.8x	5.7x
Current Ratio (Current Assets / Current Liabilities)	1.4x	1.5x	1.2x
Quick Ratio (Current Assets - Inventory / Current Liabilities)	1.2x	1.2x	0.8x
Interest Coverage 1 (EBITDA / Cash interest paid)	-3.6x	-0.1x	3.4x
Interest Coverage 1 (EBITDA / Finance Costs)	-2.8x	-0.1x	3.0x

Property, plant and equipment principally comprise equipment and machinery. Equipment and machinery include large-scale equipment used for the production of tablets, tablet coating and packaging of the tablets. Lab equipment includes mostly equipment used for quality control and quality assurance. Between FY19 and FY21, Pharmacare Premium acquired additional assets of €2.1 million. These relate to equipment used for wastewater treatment, upgrading of existing chillers and acquisition of small batch production equipment. On 20 November 2020, the company entered into an agreement with Xspray Pharma AB for the development of an Xspray facility within the company's premises.

The initial capital investment of such facility was estimated at €1.3 million and will be reimbursed by a client by way of deduction from annual fees that would become due to the same entity. As at 31 December 2021, the company had reached the second milestone of the project, with estimated costs of €95k to be incurred in FY22. The right-of-use assets relate to the 65-year temporary emphyteusis of the factory premises in Hal Far recognised in line with IFRS 16.

During FY21, the right of use asset was revalued upwards to €15.7m, based on a valuation carried out by MGS Architects in 31 January 2022. The right of use asset is amortised over the 65-year term. Intangible assets consist of intellectual property, licences and capitalised costs with respect to product development and amounted to €6.3m in FY21 (FY20: €4.7m). Of the €6.3m, €0.4m related to licences, €1.5m related to Intellectual property and €4.4m related to product development.

Total non-current assets in FY21 amounted to €26.9m (FY20: €24.0m). When it comes to working capital, the cash conversion cycle of the Guarantor saw a material increase from 51 days in FY19 to 227 days as at FY21. Inventory increased from €0.8m in FY19 to €2.1m in FY21 with a corresponding increase in inventory days. As at 31 December

2021 the Guarantor had a large contract placed in Iran of which half was delivered in January 2022 and the remainder in June 2022.

Given that all the supplies were purchased by 31 December 2021 and half the product was delivered in January 2022, inventory balance as at end of FY21 was particularly high. Trade receivables refers to amount receivable from customers following the sale of goods or services on credit and amounted to €4.7m in FY21 (FY20: €3.3m). The Guarantor's cash position on the other hand stood at €0.6m in FY21 (FY20: €1.1m). The Guarantor's current ratios were above 1 in all 3 historical years which means it has more liquid assets on its books than it has short term liabilities. More specifically, the Guarantor's current ratios were 1.44x, 1.51x and 1.16x in FY19, FY20 and FY21 respectively.

Share capital and share premium remained relatively stable throughout FY19 and FY20 at €14.2m and €6.6m, respectively, before increasing to €16.6m and €8.9m in FY21. The capital contribution reserve increased from €1.6m in FY19 to €4.8m in FY20 before decreasing back to €2.4m in FY21 due to capitalisation, with a corresponding increase in share capital. Accumulated losses increased in FY21 when compared to FY19 in line with the increased losses registered mainly in FY19 and FY20.

The Guarantors liabilities remained relatively stable in FY21. Non-current bank borrowings decreased slightly to €1.0m (FY20: €1.4m). Long-term interest-bearing borrowings also decreased in FY21 to €6.3m (FY20: €7.6m) whilst lease liabilities, social taxes and deferred tax all remained stable year on year. The Guarantors current liabilities are primarily made up of trade and other payables and amounted to €3.2m in FY21 (FY20: €2.4m). In FY21, interest-bearing and non-interest bearing loans amounted to €1.1m. This resulted in total liabilities of €17.5m in FY21 (FY20: €16.7m). The Guarantor's interest coverage ratios concerning actual interest paid came in at 3.4x in FY21.

## 2.9. Guarantor's Statement of Cash Flows

Guarantor's Statement of Cash Flows for the year ended 31 December	2019A	2020A	2021A
	€'000s	€'000s	€'000s
<b>Operating Activities</b>			
EBITDA	(1,737)	(59)	1,762
Adjustments	23	104	121
<b>Working Capital Changes:</b>			
Changes in inventory	(156)	(571)	(804)
Changes in trade and other receivables	(277)	(1,353)	(1,399)
Changes in trade and other payables	364	929	912
Interest paid	(484)	(509)	(514)
Lease payments/provisions	(89)	(89)	(89)
Taxes paid	-	(33)	(75)
<b>Cash generated used in operations</b>	<b>(2,356)</b>	<b>(1,581)</b>	<b>(86)</b>
<b>Investing Activities</b>			
Acquisition of property, plant and equipment	(1,508)	(233)	(522)
Acquisition of intangible assets	(1,316)	(1,578)	(2,000)
<b>Net cash generated from / (used in) investing activities</b>	<b>(2,824)</b>	<b>(1,811)</b>	<b>(2,522)</b>
<b>Financing Activities</b>			
Movements on share capital/capital contribution	1,795	3,204	2,381
Movements on amount due to subsidiary	22	(11)	-
Movements on bank loans	328	(95)	(384)
Movements on shareholder loans	(224)	18	(55)
Movements on related company balances	1,135	(1,486)	(383)
Movements on amount due to third party	620	725	350
<b>Net cash generated from / (used in) financing activities</b>	<b>3,676</b>	<b>2,355</b>	<b>1,909</b>
<b>Movement in cash and cash equivalents</b>	<b>(1,504)</b>	<b>(1,037)</b>	<b>(699)</b>
Cash and cash equivalents at start of year	3,396	1,892	855
<b>Cash and cash equivalents at end of year</b>	<b>1,892</b>	<b>855</b>	<b>156</b>

Ratio Analysis	2019A	2020A	2021A
Cash Flow	€'000s	€'000s	€'000s
<b>Free Cash Flow (Net cash from operations + Interest - Capex)</b>	<b>-4,696</b>	<b>-2,883</b>	<b>-2,094</b>

In the period FY19 to FY21, the Guarantor expanded its operations through an increase in factory capacity brought by contract manufacturing as well as licencing of Own Product Development following completion of product development. This resulted in an increase in working capital requirements to cater for the ramp-up in production and contracts awarded to the Guarantor. In the 3 historical years the company used up €4.0 million in cash to fund its operating activities, of which €2.4m relate to the aforementioned investment in working capital. In FY21, net cash used in operating activities amounted to €86k (FY20: €1.6m). When it comes to investing activities, the

Guarantor's cash outlays relate to the upgrade of the wastewater treatment, replacement/maintenance of current equipment and the capitalisation of the costs with respect to the own product development. Cash outflows in this regard amounted to €2.5m in FY21 (FY20: €1.8m). Lastly, cash inflows from financing activities mainly pertain to the issue of additional share capital, movement in bank loans and other borrowings with related parties, shareholders and third parties, required to fund the movement in working capital and capital expenditure. Part of the movements in



share capital relate to capitalised loans, being amounts due to Dar Al Shifa, rather than an injection of cash. Hence, part of the changes in trade and other payables relate to these

capitalised loans. In FY21, cash from financing activities amounted to €1.9m (FY20: 2.4m).

## 2.10. Guarantor's Projected Statement of Comprehensive Income

Guarantor's Statement of Comprehensive Income for the year ended 31 December	2022P	2023P	2024P	2025P
	€'000s	€'000s	€'000s	€'000s
Revenue	9,716	10,339	12,762	17,056
Cost of sales	(4,643)	(5,407)	(6,461)	(7,763)
<b>Gross profit</b>	<b>5,073</b>	<b>4,932</b>	<b>6,301</b>	<b>9,293</b>
Other income	-	120	120	120
Overheads	(2,250)	(2,397)	(2,668)	(3,022)
<b>EBITDA</b>	<b>2,823</b>	<b>2,655</b>	<b>3,753</b>	<b>6,391</b>
Depreciation and amortisation	(1,210)	(1,547)	(1,842)	(1,930)
Interest on lease liability	(103)	(103)	(104)	(105)
Interest on loans	(626)	(1,296)	(1,256)	(1,222)
<b>Profit / (loss)</b>	<b>884</b>	<b>(291)</b>	<b>551</b>	<b>3,134</b>
Revaluation of ROU Assets	(185)	(185)	(185)	(185)
Movement in deferred tax on revaluation of ROU Assets	21	21	21	21
<b>Total comprehensive income / (loss)</b>	<b>720</b>	<b>(455)</b>	<b>387</b>	<b>2,970</b>

Ratio Analysis	2022P	2023P	2024P	2025P
<b>Profitability</b>				
Growth in Revenue (YoY Revenue Growth)	57.2%	6.4%	23.4%	33.7%
Gross Profit Margin (Gross Profit/ Revenue)	52.2%	47.7%	49.4%	54.5%
EBITDA Margin (EBITDA / Revenue)	29.1%	25.7%	29.4%	37.5%
Operating (EBIT) Margin (EBIT / Revenue)	16.6%	10.7%	15.0%	26.2%
Net Margin (Profit for the year / Revenue)	9.1%	-2.8%	4.3%	18.4%
Return on Common Equity (Net Income / Average Equity)	4.7%	-1.6%	3.0%	15.4%
Return on Assets (Net Income / Average Assets)	2.0%	-0.7%	1.3%	7.1%
Return on capital employed (EBITDA/ Total Assets - Current Liabilities)	7.0%	6.8%	9.7%	15.5%
EBITDA Growth	60.3%	-6.0%	41.4%	70.3%

In the forecasted years, the Guarantor expects non-EU sales to make up a more significant portion of total revenue even reaching 24.5% in FY25 (FY22: 10.1%). More importantly, revenue is expected to increase to €17.1m in FY25 (FY22: €9.7m). Cost of sales are expected to reach €7.8m in FY25 (FY22: €4.7m), which is in line with the expected increase in revenue. EBITDA is expected to be €2.8m in FY22 and is forecasted to reach €6.4m in FY25, which is an increase of

128.6%. Depreciation is forecasted to increase year on year and reach €1.9m in FY25. Total comprehensive income in FY22 is forecasted to be €0.7m whilst in FY23 a loss of €0.5m is projected. In FY24 and FY25, management expects profits to reach €0.4 and €3.0m respectively with the increase coming mainly the strong revenue growth expected in FY25, resulting in more efficient net profits margins of 18.4% in FY25 (FY22: 9.1%).

2.11. Guarantor's Projected Statement of  
Financial Position

Guarantor's Statement of Financial Position as at 31 December	2022P	2023P	2024P	2025P
	€'000s	€'000s	€'000s	€'000s
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	6,113	7,442	7,296	7,164
Right of use assets	15,416	15,181	14,947	14,712
Intangible assets	7,574	9,191	9,566	10,417
Investment in subsidiary	250	250	250	250
<b>Total non-current assets</b>	<b>29,353</b>	<b>32,064</b>	<b>32,059</b>	<b>32,543</b>
<b>Current assets</b>				
Inventories	1,908	1,926	2,124	2,446
Trade and other receivables	4,433	5,667	6,504	8,352
Cash and cash equivalents	23	3,487	1,771	1,881
<b>Total current assets</b>	<b>6,364</b>	<b>11,080</b>	<b>10,399</b>	<b>12,679</b>
<b>Total assets</b>	<b>35,717</b>	<b>43,144</b>	<b>42,458</b>	<b>45,222</b>
<b>Equity</b>				
Share capital	17,203	17,203	17,203	17,203
Share premium	9,750	9,750	9,750	9,750
Capital contribution	2,381	2,381	2,381	2,381
Revaluation reserve	9,788	9,623	9,459	9,295
Retained earnings/ (accumulated losses)	(20,227)	(20,518)	(19,967)	(16,833)
<b>Total equity</b>	<b>18,895</b>	<b>18,439</b>	<b>18,826</b>	<b>21,796</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Bank borrowings	629	272	-	-
Interest bearing borrowings	5,675	17,458	17,246	17,048
Lease liability	1,219	1,229	1,239	1,251
Other social taxes	810	432	202	58
Deferred tax	1,231	1,211	1,190	1,169
<b>Total non-current liabilities</b>	<b>9,564</b>	<b>20,602</b>	<b>19,877</b>	<b>19,526</b>
<b>Current liabilities</b>				
Bank borrowings	416	357	272	-
Bank overdraft	490	-	-	-
Interest bearing borrowings	1,005	199	199	199
Non-interest bearing borrowings	196	52	14	-
Lease liability	93	93	93	93
Trade and other payables	5,058	3,402	3,177	3,608
<b>Total current liabilities</b>	<b>7,258</b>	<b>4,103</b>	<b>3,755</b>	<b>3,900</b>
<b>Total liabilities</b>	<b>16,822</b>	<b>24,705</b>	<b>23,632</b>	<b>23,426</b>
<b>Total equity and liabilities</b>	<b>35,717</b>	<b>43,144</b>	<b>42,458</b>	<b>45,222</b>

Ratio Analysis	2022P	2023P	2024P	2025P
<b>Financial Strength</b>				
Gearing 1 (Net Debt / Net Debt and Total Equity)	33.5%	46.7%	47.9%	43.4%
Gearing 2 (Total Liabilities / Total Assets)	47.1%	57.3%	55.7%	51.8%
Gearing 3 (Net Debt / Total Equity)	50.3%	87.4%	91.8%	76.7%
Net Debt / EBITDA	3.4x	6.1x	4.6x	2.6x
Current Ratio (Current Assets / Current Liabilities)	0.9x	2.7x	2.8x	3.3x
Quick Ratio (Current Assets - Inventory / Current Liabilities)	0.6x	2.2x	2.2x	2.6x
Interest Coverage 1 (EBITDA / Cash interest paid)	5.5x	1.9x	2.8x	4.9x
Interest Coverage 1 (EBITDA / Finance Costs)	3.9x	1.9x	2.8x	4.8x

In FY22, total non-current assets are projected to increase to €29.4m (FY21: €26.9m) whilst in FY23 they are expected to increase further to €32.1m. The main reason for the increase in FY23 is the expected increase in intangible assets to €9.2m (FY22: €7.6m). As mentioned in section 2.8 above, given that all the supplies were purchased by 31 December 2021 and half the product was already delivered in January 2022, the inventory balance as at end of FY21 was particularly high but the Guarantor is expecting a decrease in inventory days in FY22 along with a lower inventory level of €1.9m (FY21: €2.1m). Apart from moderate movements in the Guarantors cash balance, current assets are expected to remain relatively stable in the forecasted years with the

corresponding current ratios to average around 3.0x in the forecasted years. This means that the Guarantor's short-term assets are able to cover its short-term liabilities. Total equity is expected increase in the forecasted years as the profits registered year on year help lower the accumulated losses reserve. In FY22, share capital and share premium are expected to increase to €17.2m and €9.8m respectively. In FY23, total liabilities are projected to be €24.7m whilst in FY25 they are expected to decrease slightly to €23.4m due to lower short-term interest bearing borrowings. The Guarantor is expected to register strong gearing ratios throughout the forecasted years, reaching 43.4% in FY25.

2.12. Guarantor's Projected Statement of Cash Flows

Guarantor's Statement of Cash Flows for the year ended 31 December	2022P	2023P	2024P	2025P
	€'000s	€'000s	€'000s	€'000s
<b>Operating Activities</b>				
EBITDA	2,824	2,655	3,753	6,391
Adjustments				
<i>Working Capital Changes:</i>				
<i>Changes in inventory</i>	188	(18)	(198)	(322)
<i>Changes in trade and other receivables</i>	238	(1,234)	(837)	(1,848)
<i>Changes in trade and other payables</i>	1,087	(2,034)	(456)	288
Interest paid	(425)	(1,296)	(1,256)	(1,222)
Lease payments/provisions	(91)	(93)	(93)	(93)
Taxes paid	(21)	(21)	(21)	(21)
<b>Cash generated from operations</b>	<b>3,800</b>	<b>(2,041)</b>	<b>892</b>	<b>3,173</b>
<b>Investing Activities</b>				
Acquisition of PPE	(1,624)	(1,964)	(514)	(557)
Acquisition of intangible assets	(1,769)	(2,295)	(1,323)	(1,859)
Changes in investment in subsidiary	(242)	-	-	-
<b>Net cash from investing activities</b>	<b>(3,635)</b>	<b>(4,259)</b>	<b>(1,837)</b>	<b>(2,416)</b>
<b>Financing Activities</b>				
Movements on share capital/capital contribution	1,216	(164)	(164)	(164)
Movements on amount due to subsidiary	-	11,771	-	-
Movements on bank loans	(396)	(416)	(357)	(272)
Movements on shareholder loans	(143)	(195)	(52)	(13)
Movements on related company balances	(29)	-	-	-
Movements on amount due to third party	(1,436)	(742)	(198)	(198)
<b>Net cash from financing activities</b>	<b>(788)</b>	<b>10,254</b>	<b>(771)</b>	<b>(647)</b>
<b>Movement in cash and cash equivalents</b>	<b>(623)</b>	<b>3,954</b>	<b>(1,716)</b>	<b>110</b>
Cash and cash equivalents at start of year	156	(467)	3,487	1,771
<b>Cash and cash equivalents at end of year</b>	<b>(467)</b>	<b>3,487</b>	<b>1771</b>	<b>1881</b>

Ratio Analysis	2022P	2023P	2024P	2025P
<i>Cash Flow</i>	€'000s	€'000s	€'000s	€'000s
Free Cash Flow (Net cash from operations + Interest - Capex)	832	(5,004)	311	1,979

In the majority of the projected years, cash from operations is expected to be positive due to the increased EBITDA. In FY22, cash from operations is forecasted to be €3.8m whilst in FY25 it is expected to be €3.2m. In FY22, cash used in investing activities is expected to increase to €3.6m (FY21: €2.5m) whilst in FY25 it is projected to decrease to €2.4m due to lower capital expenditure. In FY23, cash from financing activities is expected to increase drastically due to

the proceeds from the prospective bond issue. Specifically, cash from financing activities is expected to be €10.3m in FY23 whilst in FY25 the Guarantor is expecting minimal cash outflow of €0.7m from financing activities. These movements are expected to result in cash and cash equivalents at the end of the year of €3.5m in FY23 which will decrease to €1.9m in FY25 as the Guarantor uses up the Bond proceeds to finance its expansion.

## Part 3 – Key Market and Competitor Data

### 3.1. General Market Conditions

At the time of publication of this Analysis, management considers that generally, it shall be subject to the normal business risks associated with the industries in which the companies are involved and operate and, barring unforeseen circumstances, does not anticipate any trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be deemed likely to have a material effect on the upcoming prospects of the companies and their respective businesses, at least with respect to the financial year 2021. However, investors are strongly advised to carefully read the risk factors disclosed in the Prospectus.

### 3.2. Economic Update<sup>1</sup>

The Bank's Business Conditions Index (BCI) indicates that annual growth in business activity fell slightly below its long-term average estimated since January 2000. The European Commission survey shows that in October, economic sentiment in Malta edged down from a month earlier, falling further below its long-term average, which is estimated since November 2002. When compared with September, sentiment improved in the retail sector but deteriorated in all the others, most notably in industry. Additional survey information shows that price expectations increased across all other sectors compared to September.

In October, the European Commission's Economic Uncertainty Indicator (EUI) for Malta increased when compared with September. Uncertainty rose mostly in services and industry, with a smaller increase recorded in the construction sector. In September, industrial production and retail trade increased at a faster pace in annual terms, compared to August. The unemployment rate stood at 3.0% in September, marginally higher than that registered in the previous month, but below that of a year earlier. Commercial permits declined in September relative to their year-ago level, as did residential permits. In October, both the number of promise-of-sale agreements and final deeds of sale increased on a year-on-year basis, and they were also higher in month-on-month terms.

The annual inflation rate based on the Harmonised Index of Consumer Prices (HICP) stood at 7.4% in October, unchanged

<sup>1</sup> Central Bank of Malta – Economic Update 11/2022

from the previous month. Inflation based on the Retail Price Index (RPI) was also unchanged from the previous month, standing at 7.5% in October. Maltese residents' deposits expanded at an annual rate of 8.4% in September, following an increase of 7.2% in the previous month, while annual growth in credit to Maltese residents stood at 8.8%, above the rate of 8.2% recorded a month earlier. In September 2022, the deficit on the Consolidated Fund narrowed when compared with a year earlier, reflecting a rise in government revenue and a marginal decline in expenditure.

### 3.3. Economic Outlook<sup>2</sup>

The Central Bank of Malta expects Malta's gross domestic product (GDP) to grow by 5.2% in 2022, 4.5% in 2023 and 3.7% in 2024. Compared to the previous projections, the Bank's latest forecast represents downward revisions of 0.2% in 2022, 0.4% in 2023, and of 0.1% in 2024. The downward revisions reflect the strong pick-up in inflationary pressures as well as a further deterioration in the international economic environment due to the recent cuts in gas supplies to European countries. Net exports are expected to be the main driver of growth in 2022, reflecting the correction in import-intensive investment outlays from the exceptionally high levels reached in 2021.

The contribution of domestic demand is expected to be positive but significantly lower compared to that of 2021, as growth in activity normalises following the strong rebound last year. In the following years, domestic demand is expected to lead the expansion in economic activity, especially from private consumption. The contribution of net exports is projected to ease over the projection horizon, reflecting the gradual normalisation of tourism exports and decelerating growth in foreign demand more generally. Employment growth in 2022 is expected to reach 3.5% from 2.8% in 2021. It is set to moderate to just above 2% by 2024. The unemployment rate is projected to decline to 3.1% this year, from 3.5% last year and it is expected to hover within this range over the outlook period. In view of the expected increase in inflation this year, wage growth is projected to be relatively strong.

Nevertheless, nominal wage growth is projected to remain below that of inflation due to some lag in the transmission from prices to wages. In the following years, wage pressures

<sup>2</sup> Central Bank of Malta – Economic Projections 2022 – 2024 (08/2022)

are expected to moderate as the labour market becomes less tight. Annual inflation based on the Harmonised Index of Consumer Prices is projected to pick-up sharply in 2022 and remain high also in 2023. Indeed, it is envisaged to accelerate to 5.9% in 2022, from 0.7% in 2021. The sharp pick-up in inflation reflects a broad-based increase across all sub-components of HICP except for energy inflation.

Import price pressures are expected to moderate somewhat by the beginning of next year, although these are envisaged to remain high by historical standards. Hence, HICP inflation is expected to moderate to 3.8% by 2023, driven by lower contributions from all subcomponents except for energy inflation. Inflation is set to ease further in 2024 to 2.1%. The general government deficit is projected to recede to 5.6% of GDP in 2022, from 7.9% in 2021. It is expected to narrow further to 4.0% in 2023, and to 3.2% in 2024. This profile is driven by the unwinding of COVID-19 support measures in 2022, which offset outlays on price mitigation measures.

The latter are set to remain in place but assumed to diminish over the projection horizon. The general government debt-to-GDP ratio is projected to stand at 58.8% of GDP in 2024. On balance, risks to economic activity are tilted to the downside, especially for 2023 though uncertainty even during 2022 remains high. The main downside risks relate to the evolution of energy supply from Russia to Europe. This could lead to severe shortages of energy supplies going into the winter, which could in turn adversely affect production abroad and amplify supply bottlenecks. Foreign demand could also be weaker than expected if monetary policy in advanced economies continues to tighten more forcibly than assumed in this projection round.

These downside risks are mitigated somewhat by domestic fiscal policy which is cushioning partly the impact of imported inflation. In addition, the savings ratio could fall faster than is being assumed in this projection, while upward surprises in tourism could further boost net exports and GDP growth. Risks to inflation are on the upside during the entire projection horizon. Indeed, further escalation in cuts in gas supplies could trigger a stronger than envisaged rise in commodity prices, which would put further upward pressures on the prices of imported goods and freight costs.

In addition, the EU policy to sharply reduce dependence on Russian fossil fuels could also lead to stronger than expected increases in import costs, particularly in the short-run. The risk of second-round effects from wages and mark-ups grows

if high inflation persists for longer. On the fiscal side, risks mainly relate to a larger deficit in 2022 and 2023. These mostly reflect the likelihood of additional Government support to mitigate rising commodity prices and the likelihood of state aid to the national airline.

### 3.4. The Pharmaceutical Industry in Malta

Malta is well known for its excellent healthcare standards and thriving pharmaceutical and biotech industry, both of which have earned the country a reputation as one of the best locations and jurisdictions for this industry sector in the whole of the EU. This reputation has come due to a number of factors

- **Gross Domestic Product ('GDP'):** The human health sector, to which the local pharmaceutical industry belongs, accounted for 17% of Malta's GDP as of the first quarter of 2022.
- **Membership of the EU:** Malta joined the EU in 2005 and the European Patent Office in 2007. Prior to this date, very few pharmaceutical patents were registered in Malta.
- **Taxation:** Biotech and pharmaceutical companies from Malta pay tax on their chargeable income at the standard rate for companies which are usually levied at 35%. Companies whose trading income is derived from, for instance, the licensing of patents and trademarks, become eligible for a refund of up to approximately 85% of taxes paid in Malta.
- **Geographical advantage:** Malta is mid-way between Africa and Europe and this makes it a superb hub when it comes to business dealings with the whole of the EU, Schengen Area, Africa and the Middle East.
- **Patent protection:** Malta adopted what is known as the "Bolar Provision" in 2003, prior to joining the EU. Through this provision, generic drugs may be developed with all testing and preparation completed and in place prior to the patent holder's expiration date. The benefit of this is that there are thus no undue delays getting the product on to the market afterwards whereas more conservative jurisdictions may face considerable time delays.

### 3.5. Pharmacare Premium's positioning in the Market

Oncology treatments are the fastest growing therapeutic category within the pharmaceutical industry. Modern anti-cancer treatments are specialized to the specific type of

cancers at certain stages and in combinations. Due to the extent of product development required to develop a product, the original patented product is typically very expensive. Furthermore, due to the specialised nature of these drugs, they are highly potent and manufactured in small batches.

Pharmacare Premium's business opportunity is linked to high value generics, launched immediately after patent expiry (day-1 launch). Pharmacare Premium has a number of oral oncology products in its pipeline with launch opportunities between 2022 and 2032, a number of which already have registered patents in Malta. As a result, Pharmacare Premium has adopted a unique positioning to maximize the aforementioned opportunities. Oral oncology treatments are taken over a longer period by patients and have a larger market compared with traditional chemotherapy and biologicals administered in hospitals.

### 3.6. Comparative Analysis

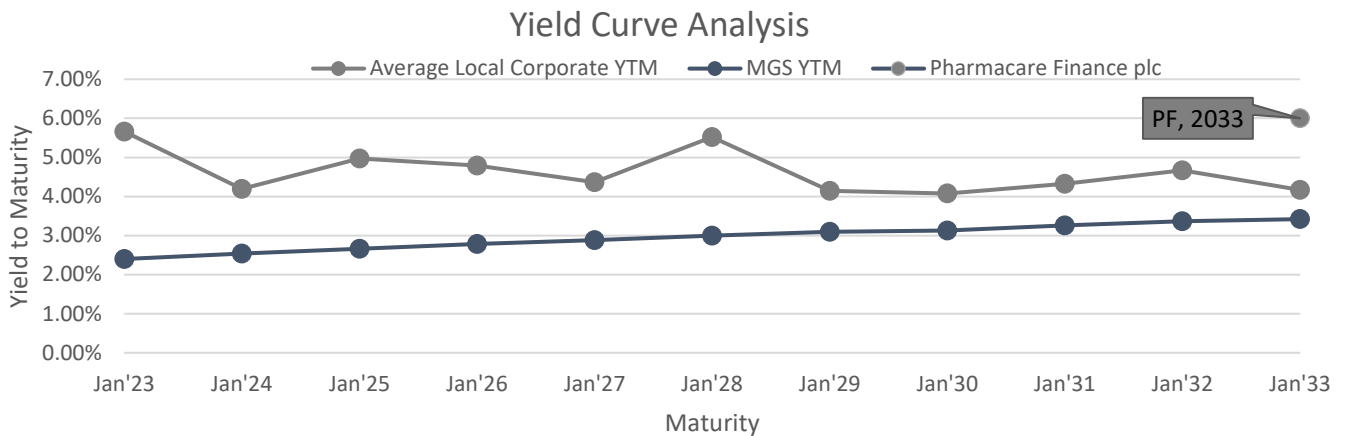
The purpose of the table below compares the proposed debt issuance of the Issuer to other debt instruments. Additionally, we believe that there is no direct comparable company related to the Issuer and as such, we included a variety of Issuers with different maturities. More importantly, we have included different issuers with a similar maturity to the Issuer. One must note that given the material differences in profiles and industries, the risks associated with the business and that of other issuers are therefore different.

Security	Nom Value	Yield to Maturity	Interest coverage (EBITDA)	Total Assets	Total Equity	Total Liabilities / Total Assets	Net Debt / Net Debt and Total Equity	Net Debt / EBITDA	Current Ratio	Return on Common Equity	Net Margin	Revenue Growth (YoY)
	€000's	(%)	(times)	(€'millions)	(€'millions)	(%)	(%)	(times)	(times)	(%)	(%)	(%)
4% Cablenet Communication Systems plc Unsecured € 2030	40,000	4.08%	7.4x	88.3	8.4	90.5%	82.6%	2.6x	0.5x	-42.5%	-8.5%	13.9%
4.25% Mercury Projects Finance plc Secured € 2031	11,000	4.24%	0.3x	113.0	34.6	69.4%	47.4%	99.5x	1.8x	-19.6%	-117.0%	-75.1%
4.65% Smartcare Finance plc Secured € 2031	13,000	4.43%	1.2x	32.6	13.1	59.8%	51.6%	20.9x	2.4x	-2.1%	-9.9%	8.8%
3.5% GO plc Unsecured € Bonds 2031	60,000	4.64%	27.6x	368.6	109.9	70.2%	52.6%	1.7x	1.0x	8.8%	5.4%	4.6%
3.9% Browns Pharma Holdings plc Unsec Call € Bonds 2027-2031	13,000	3.97%	6.5x	67.3	26.9	60.0%	40.9%	3.7x	1.1x	9.3%	6.8%	26.7%
3.65% Mizzi Organisation Finance plc € Unsecured 2028-2031	45,000	3.99%	3.7x	274.3	82.2	70.0%	54.7%	7.9x	0.9x	6.4%	4.8%	0.0%
4.3% Mercury Project Finance plc Secured € 2032	50,000	4.50%	0.3x	113.0	34.6	69.4%	47.4%	99.5x	1.8x	-19.6%	-117.0%	-75.1%
4.25% Central Business Centres plc Unsecured € 2033	21,000	4.48%	2.0x	58.2	23.6	59.4%	54.7%	21.3x	1.2x	15.5%	227.7%	19.1%
6% Pharmacare Finance plc Unsecured   2032		6.00%	3.43x	34.2	16.7	51.0%	37.3%	5.67x	1.2x	0.3%	0.8%	51.4%
	Average*	4.29%										

Source: Latest available audited financial statements

\*Average figures do not capture the financial analysis of the Issuer





The above graph illustrates the average yearly yield of all local issuers as well as the corresponding yield of MGSs (Y-axis) vs the maturity of both Issuers and MGSs (X-axis), in their respective maturity bucket, to which the spread premiums can be noted. The graph illustrates on a stand-alone basis, the yield on the Issuer’s proposed bonds.

As at 18 November 2022, the average spread over the Malta Government Stocks (MGS) for corporates with maturity range of 8-11 years was 101 basis points. Meanwhile, the new proposed Pharmacare Finance p.l.c. bond is expected to

be issued at a spread of 258 basis points over the equivalent MGSs.

Moreover, as at 18 November 2022 the Bond would be trading at a premium of 157 basis points in comparison to the market of comparable corporate bonds. It is pertinent to note that the above analysis is based on a maturity-matching basis and that the Issuer’s industry is significantly different to the corporates identified and as such its risks differ to that of other issuers.

## Part 4 - Glossary and Definitions

Income Statement	
<b>Revenue</b>	Total revenue generated by the Group/Company from its principal business activities during the financial year.
<b>Costs</b>	Costs are expenses incurred by the Group/Company in the production of its revenue.
<b>EBITDA</b>	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. It reflects the Group's/Company's earnings purely from operations.
<b>Operating Profit (EBIT)</b>	EBIT is an abbreviation for earnings before interest and tax.
<b>Depreciation and Amortisation</b>	An accounting charge to compensate for the decrease in the monetary value of an asset over time and the eventual cost to replace the asset once fully depreciated.
<b>Net Finance Costs</b>	The interest accrued on debt obligations less any interest earned on cash bank balances and from intra-group companies on any loan advances.
<b>Net Income</b>	The profit made by the Group/Company during the financial year net of any income taxes incurred.
Profitability Ratios	
<b>Growth in Revenue (YoY)</b>	This represents the growth in revenue when compared with previous financial year.
<b>Gross Profit Margin</b>	Gross profit as a percentage of total revenue.
<b>EBITDA Margin</b>	EBITDA as a percentage of total revenue.
<b>Operating (EBIT) Margin</b>	Operating margin is the EBIT as a percentage of total revenue.
<b>Net Margin</b>	Net income expressed as a percentage of total revenue.
<b>Return on Common Equity</b>	Return on common equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing the net income by the average common equity (average equity of two years financial performance).
<b>Return on Assets</b>	Return on assets (ROA) is computed by dividing net income by average total assets (average assets of two years financial performance).
<b>Return on Capital Employed</b>	Return on capital employed (ROCE) measures the relative profitability of a company after taking into account the amount of capital used during a relative financial performance.
Cash Flow Statement	
<b>Cash Flow from Operating Activities (CFO)</b>	Cash generated from the principal revenue producing activities of the Group/Company less any interest incurred on debt.
<b>Cash Flow from Investing Activities</b>	Cash generated from the activities dealing with the acquisition and disposal of long-term assets and other investments of the Group/Company.
<b>Cash Flow from Financing Activities</b>	Cash generated from the activities that result in change in share capital and borrowings of the Group/Company.
<b>Capex</b>	Represents the capital expenditure incurred by the Group/Company in a financial year.
<b>Free Cash Flows (FCF)</b>	The amount of cash the Group/Company has after it has met its financial obligations. It is calculated by taking Cash Flow from Operating Activities less the Capex of the same financial year.
Balance Sheet	
<b>Total Assets</b>	What the Group/Company owns which can be further classified into Non-Current Assets and Current Assets.
<b>Non-Current Assets</b>	Assets, full value of which will not be realised within the forthcoming accounting year
<b>Current Assets</b>	Assets which are realisable within one year from the statement of financial position date.
<b>Inventory</b>	Inventory is the term for the goods available for sale and raw materials used to produce goods available for sale.
<b>Cash and Cash Equivalents</b>	Cash and cash equivalents are Group/Company assets that are either cash or can be converted into cash immediately.
<b>Total Equity</b>	Total Equity is calculated as total assets less liabilities, representing the capital owned by the shareholders, retained earnings, and any reserves.

<b>Total Liabilities</b>	What the Group/Company owes which can be further classified into Non-Current Liabilities and Current Liabilities.
<b>Non-Current Liabilities</b>	Obligations which are due after more than one financial year.
<b>Total Debt</b>	All interest-bearing debt obligations inclusive of long and short-term debt.
<b>Net Debt</b>	Total debt of a Group/Company less any cash and cash equivalents.
<b>Current Liabilities</b>	Obligations which are due within one financial year.

#### Financial Strength Ratios

<b>Current Ratio</b>	The Current ratio (also known as the Liquidity Ratio) is a financial ratio that measures whether or not a company has enough resources to pay its debts over the next 12 months. It compares current assets to current liabilities.
<b>Quick Ratio (Acid Test Ratio)</b>	The quick ratio measures a Group's/Company's ability to meet its short-term obligations with its most liquid assets. It compares current assets (less inventory) to current liabilities.
<b>Interest Coverage Ratio 1</b>	The interest coverage ratio is calculated by dividing EBITDA of one period by cash interest paid of the same period.
<b>Interest Coverage Ratio 2</b>	The interest coverage ratio is calculated by dividing EBITDA of one period by finance costs of the same period.
<b>Gearing Ratio</b>	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance total assets.
<b>Gearing Ratio Level 1</b>	Is calculated by dividing Net Debt by Net Debt and Total Equity.
<b>Gearing Ratio Level 2</b>	Is calculated by dividing Total Liabilities by Total Assets.
<b>Gearing Ratio Level 3</b>	Is calculated by dividing Net Debt by Total Equity.
<b>Net Debt / EBITDA</b>	The Net Debt / EBITDA ratio measures the ability of the Group/Company to refinance its debt by looking at the EBITDA.

#### Other Definitions

<b>Yield to Maturity (YTM)</b>	YTM is the rate of return expected on a bond which is held till maturity. It is essentially the internal rate of return on a bond and it equates the present value of bond future cash flows to its current market price.
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**Calamatta Cuschieri**

**Calamatta Cuschieri Investment Services Ltd**

Ewropa Business Centre, Triq Dun Karm, Birkirkara, BKR9034, Malta  
[www.cc.com.mt](http://www.cc.com.mt)

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