

# SECURITIES NOTE

DATED 26 SEPTEMBER 2023

This document is a Securities Note issued in accordance with the provisions of Chapter 4 of the Capital Markets Rules issued by the MFSA and in accordance with the provisions of the Prospectus Regulation.

This Securities Note is being issued by:

## **AX GROUP P.L.C.**

A PUBLIC LIMITED LIABILITY COMPANY REGISTERED UNDER THE LAWS OF MALTA WITH COMPANY REGISTRATION NUMBER C 12271

**in respect of an issue of up to €40,000,000 5.85% unsecured bonds due 2033  
issued and redeemable at their nominal value (at €100 per Bond)**

ISIN: MT0002361229

### **Sponsor**



### **Manager & Registrar**



### **Legal Counsel**



**THIS SECURITIES NOTE HAS BEEN APPROVED BY THE MFSA, AS THE COMPETENT AUTHORITY UNDER THE PROSPECTUS REGULATION. THE MFSA HAS AUTHORISED THE ADMISSIBILITY OF THE BONDS AS LISTED FINANCIAL INSTRUMENTS. THIS MEANS THAT THE MFSA HAS ONLY APPROVED THIS SECURITIES NOTE AS MEETING THE STANDARDS OF COMPLETENESS, COMPREHENSIBILITY AND CONSISTENCY AS PRESCRIBED BY THE PROSPECTUS REGULATION. SUCH APPROVAL SHOULD NOT, HOWEVER, BE CONSIDERED AS AN ENDORSEMENT OF THE ISSUER, WHOSE BONDS ARE THE SUBJECT OF THIS SECURITIES NOTE. IN PROVIDING THIS AUTHORISATION, THE MFSA DOES NOT GIVE ANY CERTIFICATION REGARDING THE POTENTIAL RISKS IN INVESTING IN THE BONDS ISSUED BY THE ISSUER AND SUCH AUTHORISATION SHOULD NOT BE DEEMED, OR BE CONSTRUED, AS A REPRESENTATION OR WARRANTY AS TO THE SAFETY OF INVESTING IN THE BONDS.**

**THE MFSA 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 ISSUED BY THE ISSUER.**

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

## **APPROVED BY THE BOARD OF DIRECTORS**

A handwritten signature in black ink, appearing to read 'Angelo Xuereb'.

**ANGELO XUEREB**

A handwritten signature in black ink, appearing to read 'Michael Warrington'.

**MICHAEL WARRINGTON**

signing in their own capacity as directors of the Company and on behalf each of Denise Xuereb, Claire Zammit Xuereb, Christopher Paris, John Soler and Josef Formosa Gauci

## **IMPORTANT INFORMATION**

THIS SECURITIES NOTE FORMS PART OF THE PROSPECTUS AND CONTAINS INFORMATION IN CONNECTION WITH AN ISSUE BY AX GROUP P.L.C. (C 12271) (THE "ISSUER") OF UP TO €40,000,000 UNSECURED BONDS DUE 2033 HAVING A NOMINAL VALUE OF €100 PER BOND ISSUED AT PAR AND BEARING INTEREST AT THE RATE OF 5.85% PER ANNUM, PAYABLE ANNUALLY ON 07 NOVEMBER OF EACH YEAR UNTIL THE REDEMPTION DATE, AS APPLICABLE (THE "BONDS" OR THE "BOND ISSUE").

A COPY OF THIS SECURITIES NOTE HAS BEEN SUBMITTED TO THE MFSA IN SATISFACTION OF THE CAPITAL MARKETS RULES, THE MSE IN SATISFACTION OF THE MSE BYE-LAWS, AND THE REGISTRAR OF COMPANIES AT THE MALTA BUSINESS REGISTRY IN ACCORDANCE WITH THE ACT.

**THE MFSA ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THIS SECURITIES NOTE, MAKES NO REPRESENTATIONS AS TO THEIR 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 THIS SECURITIES NOTE.**

THIS SECURITIES NOTE: (I) CONTAINS INFORMATION ABOUT THE BONDS IN ACCORDANCE WITH THE REQUIREMENTS OF THE CAPITAL MARKETS RULES, THE ACT AND THE PROSPECTUS REGULATION, AND SHOULD BE READ IN CONJUNCTION WITH THE LATEST REGISTRATION DOCUMENT ISSUED BY THE ISSUER FORMING PART OF THE PROSPECTUS; AND (II) SETS OUT THE CONTRACTUAL TERMS UNDER WHICH THE BONDS ARE BEING ISSUED, BY THE ISSUER, WHICH TERMS SHALL REMAIN BINDING.

NO PERSON HAS BEEN AUTHORISED BY THE ISSUER OR ITS DIRECTORS, OR THE ISSUER'S ADVISERS, TO ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE BOND ISSUE 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, ITS DIRECTORS, OR ITS ADVISERS.

IT IS THE RESPONSIBILITY OF ANY PERSON IN POSSESSION OF THIS SECURITIES NOTE AND ANY PERSON WISHING TO APPLY FOR THE BONDS TO INFORM THEMSELVES OF, AND TO OBSERVE AND COMPLY WITH, ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTION. PROSPECTIVE INVESTORS IN THE BONDS SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS OF APPLYING FOR ANY SUCH SECURITIES AND ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS AND TAXES IN THE COUNTRIES OF THEIR NATIONALITY, RESIDENCE AND, OR DOMICILE.

THE ISSUER HAS CONSENTED TO THE AUTHORISED FINANCIAL INTERMEDIARIES MAKING USE OF THIS SECURITIES NOTE IN CONNECTION WITH THEIR DISTRIBUTION AND PLACEMENT ACTIVITIES FOR THE SALE OF THE BONDS.

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: (I) BY ANY PERSON IN ANY JURISDICTION IN WHICH SUCH OFFER OR INVITATION IS NOT AUTHORISED OR IN WHICH THE PERSON MAKING SUCH OFFER OR INVITATION IS NOT QUALIFIED TO DO SO; OR (II) 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.

SAVE FOR THE ISSUE IN THE REPUBLIC OF MALTA, NO ACTION HAS BEEN, OR WILL BE, TAKEN BY THE ISSUER THAT WOULD PERMIT A PUBLIC OFFERING OF THE BONDS 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. ACCORDINGLY, NO BONDS MAY BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THIS PROSPECTUS NOR ANY ADVERTISEMENT OR OTHER OFFERING MATERIAL MAY BE DISTRIBUTED OR PUBLISHED IN ANY JURISDICTION, EXCEPT UNDER CIRCUMSTANCES THAT WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS. PERSONS INTO WHOSE POSSESSION THIS PROSPECTUS, OR ANY OTHER OFFERING MATERIAL MAY COME, MUST INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTIONS ON THE DISTRIBUTION OF THE PROSPECTUS AND THE OFFERING AND SALE OF THE BONDS.

THE PROSPECTUS AND THE OFFERING, SALE, OR DELIVERY OF ANY SECURITIES 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 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.

**THIS SECURITIES NOTE IS VALID FOR A PERIOD OF 12 MONTHS FROM THE DATE HEREOF. THE ISSUER IS OBLIGED TO PUBLISH A SUPPLEMENT ONLY IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKES OR MATERIAL INACCURACIES 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.**

ALL THE ADVISERS TO THE ISSUER NAMED IN SECTION 4.1 OF THE REGISTRATION DOCUMENT HAVE ACTED, AND ARE ACTING, EXCLUSIVELY FOR THE ISSUER IN RELATION TO THE PROSPECTUS 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.

**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 INCORPORATED BY REFERENCE IN THIS SECURITIES NOTE, 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 WEBSITES AS THE BASIS FOR A DECISION TO INVEST IN THE BONDS.

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

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## 1 DEFINITIONS

Words, expressions and capitalised 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 capitalised terms as indicated in the Registration Document forming part of the Prospectus. Additionally, the following words and expressions as used in this Securities Note 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>	a person or persons whose name or names (in the case of joint applicants) appear in the registration details of an Application Form;
<b>Application(s)</b>	the application to subscribe for the Bonds made by an Applicant(s) through a customised IT system available at any of the Authorised Financial Intermediaries;
<b>Application Form(s)</b>	the forms of application to subscribe for Bonds, consisting of: (i) Application Form 'A' to Existing Bondholders; and (ii) Application Form 'B' to Preferred Applicants, specimen of which are contained in Annex I of this Securities Note;
<b>Authorised Financial Intermediaries</b>	the licensed stockbrokers and financial intermediaries listed in Annex II of the Securities Note;
<b>AX Group Employees</b>	employees and directors of any company forming part of the AX Group as at 22 September 2023;
<b>AX Investments p.l.c.</b>	a public limited liability company registered in Malta with company registration number C 27586, forming part of the AX Group;
<b>Bond Issue Price</b>	€100 per Bond;
<b>Bondholder(s)</b>	any holder(s) of Bonds from time to time, as evidenced by an electronic entry in the register of Bonds held by the CSD;
<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>Cash Top-Up</b>	shall mean, the difference between the Existing Bondholder's holding in Exchangeable Bonds and the minimum application amount, where the Existing Bondholder elects to subscribe for Bonds by way of Exchangeable Bond Transfer;
<b>CSD</b>	the Central Securities Depository of the MSE, having its address at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
<b>Cut-Off Date</b>	close of business on 22 September 2023 (trading session of 19 September 2023);
<b>Excess</b>	shall mean, such number of Bonds exceeding in value the aggregate nominal value of Exchangeable Bonds held by them as at the Cut-Off Date, which an Existing Bondholder wishes to apply for, including Cash Top-Up (if applicable);
<b>Exchangeable Bond Transfer</b>	the subscription for Bonds by an Existing Bondholder settled, after submitting the appropriate Application Form, by the transfer to the Issuer of all or part of the Exchangeable Bonds held by such Existing Bondholder as at the Cut-Off Date, including Cash Top-Up as may be necessary, and subject to section 6.3 of this Securities Note;
<b>Exchangeable Bonds</b>	the €40,000,000 unsecured bonds due 2024 of a nominal value of €100 per bond, redeemable at their nominal value on 6 March, 2024, bearing interest at the rate of 6% per annum and having ISIN: MT0000081233, issued by AX Investments p.l.c., pursuant to a prospectus dated 3 February, 2014;
<b>Existing Bondholders</b>	the holders of the Exchangeable Bonds as at the Cut-Off Date;
<b>Intermediaries' Offer</b>	shall bear the meaning assigned thereto in section 6.4 of this Securities Note;

<b>Offer Period</b>	the period commencing at 08:30 hours on 5 October 2023 and lapsing at 12:00 hours on 23 October 2023, during which the Bonds will be available for subscription to Existing Bondholders and Preferred Applicants;
<b>Preferred Applicants</b>	collectively, without any priority or preference amongst themselves: <ul style="list-style-type: none"> <li>(a) the holders of: <ul style="list-style-type: none"> <li>(i) the €15 million unsecured bonds due 2026 of a nominal value of €100 per bond, issued by the Issuer, redeemable at their nominal value on the relevant redemption date, bearing interest at the rate of 3.25% per annum and having ISIN: MT0002361203 (Series I);</li> <li>(ii) the €10 million unsecured bonds due 2029 of a nominal value of €100 per bond, issued by the Company, redeemable at their nominal value on the relevant redemption date, bearing interest at the rate of 3.75% per annum and having ISIN: MT0002361211 (Series II);</li> <li>(iii) the €40 million unsecured bonds due 2032 of a nominal value of €100 per bond, issued by AX Real Estate p.l.c., redeemable at their nominal value on the relevant redemption date, bearing interest at the rate of 3.5% and having ISIN: MT0002571215, and, or</li> <li>(iv) the ordinary 'A' shares in the issued share capital of AX Real Estate p.l.c. having ISIN: MT0002570100</li> </ul> </li> <li>appearing on the respective registers as at the Cut-Off Date; and</li> <li>(b) the AX Group Employees;</li> </ul>
<b>Redemption Value</b>	means the nominal amount to be paid on the Redemption Date; and
<b>Terms and Conditions</b>	the terms and conditions applicable to the Bonds as contained in section 6 of this Securities Note.

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. all references in this Securities Note to "Malta" shall be construed as defined in Article 124 (1) of the Constitution of Malta;
- e. 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
- f. 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 date of this Securities Note.

## 2 RISK FACTORS

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

AN INVESTMENT IN THE BONDS INVOLVES CERTAIN RISKS INCLUDING THOSE DESCRIBED BELOW. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER WITH THEIR OWN FINANCIAL AND OTHER PROFESSIONAL ADVISERS, THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THIS PROSPECTUS, BEFORE MAKING ANY INVESTMENT DECISION WITH RESPECT TO 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 A VIEW ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING.

THE RISK FACTOR FIRST APPEARING BELOW CONSTITUTES THAT RISK FACTOR WHICH THE DIRECTORS HAVE ASSESSED TO BE THE MOST MATERIAL RISK FACTOR, AS AT THE DATE OF THIS SECURITIES NOTE. IN MAKING THIS ASSESSMENT OF MATERIALITY, THE DIRECTORS HAVE EVALUATED THE COMBINATION OF: (I) THE PROBABILITY THAT THE RISK FACTOR OCCURS; AND (II) THE EXPECTED MAGNITUDE OF THE ADVERSE EFFECT ON THE FINANCIAL CONDITION AND PERFORMANCE OF THE ISSUER, IF THE RISK FACTOR WERE TO MATERIALISE.

IF ANY OF THE RISKS DESCRIBED BELOW WERE TO MATERIALISE, THEY COULD HAVE A SERIOUS ADVERSE EFFECT ON THE BONDS. THE RISKS AND UNCERTAINTIES DISCUSSED BELOW ARE THOSE IDENTIFIED AS SUCH BY THE DIRECTORS AS AT THE DATE OF THIS SECURITIES NOTE, BUT THESE RISKS AND UNCERTAINTIES MAY NOT BE THE ONLY ONES THAT THE ISSUER FACES OR COULD FACE. ADDITIONAL RISKS AND UNCERTAINTIES, INCLUDING THOSE WHICH THE ISSUER'S DIRECTORS ARE NOT CURRENTLY AWARE OF, MAY WELL RESULT IN A MATERIAL ADVERSE IMPACT ON THE BONDS. IN ADDITION, PROSPECTIVE INVESTORS OUGHT TO BE AWARE THAT RISK MAY BE AMPLIFIED DUE TO A COMBINATION OF RISK FACTORS.

THE PROSPECTUS, THE DOCUMENTATION INCORPORATED BY REFERENCE HEREIN AND, OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH BONDS ISSUED BY THE ISSUER:

- (I) IS NOT INTENDED TO PROVIDE THE BASIS FOR ANY CREDIT OR OTHER EVALUATION;

- (II) IS NOT AND SHOULD NOT BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER, THE DIRECTORS, ANY OF THE ADVISERS LISTED IN SECTION 4.1 OF THE REGISTRATION DOCUMENT, OR ANY OF THE AUTHORISED FINANCIAL INTERMEDIARIES, THE DOCUMENTATION INCORPORATED BY REFERENCE HEREIN, OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION THEREWITH, THAT ANY RECIPIENT OF THIS PROSPECTUS SHOULD PURCHASE THE BONDS ISSUED BY THE ISSUER (AND THEREFORE PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN INDEPENDENT EVALUATION OF ALL RISK FACTORS, AND SHOULD CONSIDER ALL OTHER SECTIONS IN THIS SECURITIES NOTE); AND
- (III) CONTAIN STATEMENTS THAT ARE, OR MAY BE DEEMED TO BE, "*FORWARD-LOOKING STATEMENTS*".

## **2.1 FORWARD-LOOKING STATEMENTS**

This Securities Note contains statements that are, or may be deemed to be, "forward-looking statements". Forward-looking statements can be identified by the use of forward-looking terminology, including the terms "*believes*", "*estimates*", "*forecasts*", "*projects*", "*anticipates*", "*expects*", "*envisages*", "*intends*", "*may*", "*will*", or "*should*" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements relate to matters that are not historical facts. They appear in a number of places within the Prospectus and include statements regarding the intentions, beliefs or current expectations of the Issuer and, or the Directors concerning, amongst other things, the Issuer's strategy and business plans, financial condition and performance, results of operations, liquidity, prospects, investments, and the markets in which it operates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may, or may not occur, in the future. Forward-looking statements are subject to numerous assumptions, risks and uncertainties. Many of these assumptions, risks and uncertainties are beyond the Issuer's control. Forward-looking statements are not guarantees of future performance and should therefore not be construed as such. The Issuer's actual operational results, financial condition and performance, and trading prospects may differ materially from the impression created by the forward-looking statements contained in the Prospectus. In addition, even if the operational results, financial condition and performance, and trading prospects of the Issuer are consistent with the forward-looking statements contained in the Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that may cause these differences include, but are not limited to, those factors identified under this section 2 of this Securities Note and elsewhere in the Prospectus. There can be no assurance that: (i) the Issuer has correctly measured or identified all of the factors affecting the Bonds or the extent of their likely impact; (ii) the publicly available information with respect to these factors on which the Issuer's analysis is based is complete or accurate; (iii) the Issuer's analysis is correct; or (iv) the Issuer's strategy, which is based in part on this analysis, will be successful. No attempt has been made by the Issuer to verify the forward-looking statements in this Prospectus. No representation is made that any of these statements, projections or forecasts will come to pass or that any forecasted result will be achieved. Where, in any forward-looking statement, the Issuer expresses an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished.

All forward-looking statements contained in this Securities Note are made only as at the date hereof. Subject to applicable legal and regulatory obligations, the Issuer and its Directors expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

## **2.2 NO PRIOR MARKET**

Prior to the Bond Issue, there has been no public market, nor trading record for the Bonds within or outside Malta. Due to the absence of any prior market for the Bonds, there can be no assurance that the Bond Issue Price will correspond to the price at which the Bonds will trade in the market subsequent to the Bond Issue. The market price of the Bonds could be subject to significant fluctuations in response to numerous factors, including the occurrence of any of the risk factors identified in Section 2 of the Registration Document.

## **2.3 ORDERLY AND LIQUID MARKET**

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 Bonds at any given time and the general economic conditions in the market in which the Bonds are traded. Such factors are dependent upon the individual decisions of investors and the general economic conditions of the market, 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. Moreover, there can be no assurance that Bondholders will be able to sell the Bonds at or above the Bond Issue Price or at all.

## **2.4 FURTHER PUBLIC OFFERS**

No prediction can be made about the effect which any future public offerings of the Issuer's Bonds (including but not limited to the effects arising out of a change in the cash flow requirements of the Issuer or other commitments of the Issuer vis-à-vis the new security holders), or any takeover or merger activity involving the Issuer (including but not limited to a de-listing, in full or in part, of the Bonds), will have on the market price of the Bonds prevailing from time to time.

## **2.5 STATUS OF THE BONDS**

The Bonds, as and when issued and allotted, shall constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall, at all times, rank *pari passu*, without any priority or preference among themselves and, save for such exceptions

as may be provided by applicable law, without priority or preference to all present and future unsecured obligations of the Issuer. This means that any secured or privileged debts of the Issuer shall rank at all times ahead of the obligations of the Issuer under the Bonds, as a result of which the Bondholders may not be able to recover their investment in the Bonds in the case of insolvency or an equivalent situation, whether in full or in part. Furthermore, subject to the negative pledge covenant, third-party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer, as the case may be, 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.

## **2.6 SUBSEQUENT CHANGES IN INTEREST RATE AND POTENTIAL IMPACT OF INFLATION**

The Bonds are fixed rate debt securities. Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the market value of the Bonds. Investors should be aware that because of the way yield is typically calculated by market participants, the price of fixed income securities (such as the Bonds) tends to move in a way that is inversely proportional to changes in interest rates. Accordingly, when prevailing market interest rates are rising, the prices that market participants will generally be willing to pay for the Bonds can be expected to decline. Conversely, if market interest rates are declining, secondary market prices for the Bonds can generally be expected to rise. Moreover, fixed rate debt securities with a longer period to maturity will tend to reflect a greater degree of secondary market price volatility relative to movements in market interest rates when compared to fixed rate debt securities with a shorter remaining lifespan. The coupon payable on the Bonds is a nominal interest rate. The real interest rate is computed by subtracting inflation from the nominal interest rate, the result of which indicates the real return on the Bond coupons. In a period of high inflation, an investor's real return on the Bonds will be lower than the Bonds' nominal interest rate and thus undermine an investor's expected return. Furthermore, an increase in inflation may result in a decrease in the traded price of the Bonds on the secondary market.

## **2.7 DISCONTINUATION OF LISTING**

Even after the Bonds are admitted to trading on the MSE, the Issuer is required to remain in compliance with certain requirements relating to, *inter alia*, 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 MSE. Any such trading suspensions or listing revocations or discontinuations described above could have a material adverse effect on the liquidity and value of the Bonds.

## **2.8 AMENDMENTS TO THE TERMS AND CONDITIONS OF THE BONDS**

The Terms and Conditions of the Bonds contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. 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 section 5.4 of this Securities Note. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

**THE FOREGOING RISK FACTORS ARE NOT EXHAUSTIVE AND DO NOT PURPORT TO BE A COMPLETE LIST OF ALL OF THE RISKS AND CONSIDERATIONS INVOLVED IN INVESTING IN THE BONDS. IN PARTICULAR, THE ISSUER'S PERFORMANCE MAY BE AFFECTED BY CHANGES IN MARKET OR ECONOMIC CONDITIONS AS WELL AS LEGAL, REGULATORY AND TAX REQUIREMENTS APPLICABLE TO THE ISSUER AND, OR THE BONDS.**

## **3 PERSONS RESPONSIBLE, STATEMENT OF APPROVAL AND CONSENT FOR USE OF PROSPECTUS**

### **3.1 PERSONS RESPONSIBLE**

The Directors of the Issuer are the persons responsible for the information contained in this Securities Note. To the best of the knowledge and belief of the Directors of the Issuer (who have all taken reasonable care to ensure 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 accept responsibility accordingly.

### **3.2 STATEMENT OF APPROVAL**

This Securities Note has been approved by the MFSA as the competent authority in Malta for the purposes of the Prospectus Regulation. The MFSA has only approved this Securities Note as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and such approval should not be considered as an endorsement of the Issuer or the quality of the Bonds (that are the subject of this Securities Note). Investors should make their own assessment as to the suitability of investing in the Bonds.

### **3.3 CONSENT FOR USE OF PROSPECTUS**

For the purposes of any subscription for the Bonds through any of the Authorised Financial Intermediaries in terms of this Securities Note, and any subsequent resale, placement or other offering of Bonds by such Authorised Financial 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 this Prospectus (and accepts responsibility for the information contained therein) with respect to any such subsequent resale, placement or other offering of Bonds, provided this is limited only:

- i. in respect of the Bonds subscribed for through the Authorised Financial Intermediaries;
- ii. to any resale or placement of the Bonds subscribed as aforesaid, taking place in Malta; and, or
- iii. to any resale or placement of the Bonds 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.

None of the Issuer, the Sponsor, the Manager and Registrar or any of their respective advisers take any responsibility for any of the actions of any Authorised Financial 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 or placement of the Bonds.

Other than as set out above, neither the Issuer nor its advisers has authorised (nor do they authorise or consent to the use of this 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 advisers and neither the Issuer nor the advisers have any responsibility or liability for the actions of any person making such offers.

Investors should enquire whether an intermediary is considered to be an Authorised Financial Intermediary in terms of the Prospectus. If the investor is in doubt as to whether it can rely on the Prospectus and, or who is responsible for its contents, it should obtain legal advice. No person has been authorised to give any information or to make any representation not contained in or inconsistent with this Prospectus. If given or made, it must not be relied upon as having been authorised by the Issuer or its advisers. The Issuer does not accept responsibility for any information not contained in this Prospectus.

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

Any resale, placement or other offering of the Bonds to an investor by an Authorised Financial Intermediary will be made in accordance with any terms and other arrangements in place between such Authorised Financial Intermediary and such investor including as to price, allocations and settlement arrangements. Where such information is not contained in the Prospectus, it will be the responsibility of the relevant Authorised Financial Intermediary at the time of such resale, placement or other offering to provide the investor with that information and neither the Issuer nor its advisers have any responsibility or liability for such information.

**Any Authorised Financial Intermediary using this Prospectus in connection with a resale, placement or other offering of the 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 this Prospectus for such resale, placement or other offering 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 financial intermediaries unknown at the time of approval of this Securities Note will be made available by the Issuer through a company announcement which will be made available on the Issuer's website: <http://axgroup.mt>.

## **4 ESSENTIAL INFORMATION ON THE BOND ISSUE**

### **4.1 REASONS FOR THE ISSUE AND USE OF PROCEEDS**

The aggregate proceeds from the Bond Issue, which net of expenses are expected to amount to approximately €39,250,000, will be used by the Issuer for the following purposes, in the amounts and order of priority set out below:

- (a) an amount of up to €40,000,000 in the form of Exchangeable Bonds surrendered by Existing Bondholders in favour of the Issuer by virtue of an Exchangeable Bond Transfer resulting in the purchase of Exchangeable Bonds from said Existing Bondholders by the Issuer, for cancellation (as at the date of the Prospectus the total value of Exchangeable Bonds in issue stands at €40,000,000); and
- (b) the proceeds derived from the balance of the Bonds not subscribed for by Existing Bondholders by means of the Exchangeable Bond Transfer, as well as any amounts received through the exercise of the Cash Top-Up, will be used by the Issuer for the redemption of the outstanding amount of the Exchangeable Bonds remaining in issue as at 6 March, 2024 being the redemption date of the Exchangeable Bonds.

In the event that the Bond Issue is not fully subscribed, the Issuer will proceed with the listing of the amount of Bonds subscribed for, and it shall apply the net proceeds received to the uses specified in the paragraphs above. Any residual amount which may be required by the Issuer for the purpose of the redemption of the balance of the outstanding amount of the Exchangeable Bonds, which shall not be raised through the Bond Issue, shall be financed from the Group's own funds.

### **4.2 EXPENSES**

Professional fees, and costs related to publicity, advertising, printing, listing, registration, sponsor, management, registrar fees, selling commission, and other miscellaneous expenses in connection with this Bond Issue are estimated not to exceed €750,000

in the aggregate. The expenses pertaining to the Bond Issue shall be deducted entirely from the proceeds of the Bond Issue and accordingly shall be borne exclusively by the Issuer.

#### **4.3 INTEREST OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

Save for the subscription for Bonds by Authorised Financial Intermediaries, and any fees payable in connection with the Bond Issue to M. Z. Investment Services Ltd as Sponsor and Bank of Valletta p.l.c. as Manager and Registrar, in so far as the Issuer is aware, no person involved in the Bond Issue has an interest, conflicting or otherwise, material to the Bond Issue.

## **5 INFORMATION CONCERNING THE BONDS TO BE ISSUED AND ADMITTED TO TRADING**

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.

### **5.1 ISSUE STATISTICS**

<b>AMOUNT:</b>	aggregate amount of up to €40,000,000;
<b>DENOMINATION:</b>	Euro (€);
<b>BOND ISSUE PRICE:</b>	at par (€100 per Bond);
<b>ISIN:</b>	MT0002361229 ;
<b>MINIMUM AMOUNT PER SUBSCRIPTION:</b>	minimum of €1,000, and multiples of €100 thereafter;
<b>INTEREST:</b>	5.85% per annum;
<b>INTEREST PAYMENT DATE(S):</b>	7 November of each year between and including each of the years 2024 and 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>REDEMPTION DATE:</b>	7 November 2033;
<b>ADMISSION TO LISTING AND TRADING:</b>	the MFSA has approved the Bonds for admissibility to listing on the Official List of the MSE. Application has been made to the MSE for the Bonds to be listed and traded on its Official List;
<b>STATUS OF THE BONDS:</b>	the Bonds shall constitute the general, direct, unconditional and unsecured obligations of the Issuer, and shall, at all times, rank <i>pari passu</i> , without any priority or preference among themselves and, save for such exceptions as may be provided by applicable law, without priority or preference to all present and future unsecured obligations of the Issuer. Furthermore, subject to the negative pledge covenant, third-party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer, as the case may be, for so long as such security interests remain in effect;
<b>GOVERNING LAW:</b>	the Bonds are governed by and shall be construed in accordance with Maltese law; and
<b>JURISDICTION:</b>	the Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds.

### **5.2 REGISTRATION, FORM AND TITLE**

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.

There will be entered in such electronic register, the names, addresses, identification numbers (in the case of natural persons), registration numbers (in the case of legal persons) and MSE account numbers of the Bondholders together with particulars of the Bonds held by them. A copy of the Bondholder's entry in the CSD's electronic register will, at all reasonable times during business hours, be available for inspection by the Bondholders at the registered office of the Issuer. Title to the Bonds shall be evidenced by an entry in the electronic register of Bonds maintained by the CSD. The CSD will issue, upon a request by a Bondholder, a statement of holdings evidencing his or her entitlement to the Bonds held in the electronic register at the CSD.

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 section 5.7 of this Securities Note.

### **5.3 RIGHTS ATTACHING TO THE BONDS**

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

- (a) the repayment of capital;
- (b) the payment of interest;
- (c) ranking with respect to other indebtedness of the Issuer in accordance with the provisions of section 5.5 below;
- (d) the right to attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bonds; and
- (e) the enjoyment of all such other rights attached to the Bonds emanating from the Prospectus.

### **5.4 MEETINGS OF BONDHOLDERS**

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 thereof on matters which in terms of the Prospectus require the approval of a Bondholders' meeting.

A meeting of Bondholders shall be called by the Directors by giving all 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. Said notice may be given by electronic mail, by post or by courier at the discretion of the Issuer, and shall set out the time, place and date set for the meeting and the matters to be discussed or decided thereat. 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 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 section at a meeting called for that purpose as aforesaid, any such decision shall subsequently be given effect to by the Issuer.

Each Bond shall entitle the holder thereof to one vote. 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 Bondholders present, in person or by proxy, representing not less than 50% in nominal value of the Bonds then in issue, shall constitute a quorum. If a quorum is not present within 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. The Issuer shall within two 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 days, and not later than 15 days, following the original meeting. At an adjourned meeting, the number of Bondholders present, 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, the adjourned meeting.

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.

Once a quorum is declared present by the chairman 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 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. The voting process shall be managed by the company secretary of the Issuer.

The proposal placed before a meeting of Bondholders shall only be considered approved if at least 75% in nominal value of the 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 matter decided at a duly convened Bondholders' meeting is binding on all Bondholders irrespective of whether they are present or not.

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.

The amendment or waiver of any of the Terms and Conditions of the Bond Issue contained in this Securities Note may only be made with the approval of Bondholders at a meeting called and held for that purpose in accordance with the terms hereof.

## 5.5 RANKING OF THE BONDS

The Bonds, as and when issued and allotted, shall constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall, at all times, rank *pari passu*, without any priority or preference among themselves and, save for such exceptions as may be provided by applicable law, without priority or preference to all present and future unsecured obligations of the Issuer. This means that any secured or privileged debts of the Issuer shall rank at all times ahead of the obligations of the Issuer under the Bonds, as a result of which the Bondholders may not be able to recover their investment in the Bonds in the case of insolvency or an equivalent situation, whether in full or in part. Furthermore, subject to the negative pledge covenant, third-party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer, as the case may be, 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.

## 5.6 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, unless at the same time or prior thereto the Issuer's indebtedness under the Bonds and is secured equally and rateably therewith, and the instrument creating such Security Interest so provides.

**"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 in the ordinary course of business; (C) any other Security Interest (in addition to (A) and (B) 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) and (C) above do not result in the unencumbered assets of the Issuer being less than 105.85% of the aggregate principal amount of the Bonds still outstanding;

**"unencumbered assets"** means assets which are not subject to a Security Interest.

## 5.7 TRANSFERABILITY OF THE BONDS

The Bonds are freely transferable and, once admitted to the Official List, shall be transferable only in whole in accordance with the rules and regulations of the MSE applicable from time to time.

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 as holder of the Bond or to have some person nominated by him registered as the transferee thereof. If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the CSD a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered he shall testify his election by transferring the Bond, or procuring the transfer of the Bond, in favour of that person.

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

The cost and expenses of effecting 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 transferee.

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.

## 5.8 INTEREST

The Bonds shall bear interest from and including 7 November 2023 at the rate of 5.85% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be effected on 7 November 2024 (covering the period 7 November 2023 to 6 November 2024 both days included). 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.

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 360 day year consisting of 12 months of 30 days each, and in the case of an incomplete month, the number of days elapsed.

In terms of article 2156 of the Civil Code (Cap. 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 years.

An Exchangeable Bond Transfer effected by an Existing Bondholder shall be without prejudice to the rights of such Existing Bondholders to receive interest on the Exchangeable Bonds up to and including 5 March, 2024. The Issuer will settle the difference between the interest rate applicable to the Exchangeable Bonds (6%) and the interest rate of 5.85% applicable to the Bonds, from and including 7 November 2023 up to and including 5 March, 2024, being the day prior to the Exchangeable Bonds' redemption date.

## **5.9 YIELD**

The gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Bonds at the Redemption Date shall be 5.85%.

## **5.10 PAYMENTS**

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 as at the close of business on the Redemption Date, as the case may be, with interest accrued up to (but excluding) 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. Such payment shall be effected within seven days of the Redemption Date. The Issuer shall not be responsible for any charges, loss or delay in transmission. 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.

Payment of interest on the Bonds will be made to the person in whose name such Bonds 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. Such payment shall be effected within seven days of the Interest Payment Date. The Issuer shall not be responsible for any charges, loss or delay in transmission.

All payments with respect to the Bonds are subject in all cases to any applicable fiscal or other laws and regulations prevailing in Malta. 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.

Except for any charges which may be imposed by the Issuer or any remitting bank or payment institution in connection with the transmission of payments or transfer of funds, no commissions or expenses shall be charged by the Issuer to Bondholders in respect of such payments.

If, due to any problem encountered by the CSD, any remitting bank and, or payment institution, the Issuer cannot make a payment or repayment, such payment or repayment may be kept pending until the issue has been resolved.

## **5.11 REDEMPTION AND PURCHASE**

Unless previously purchased and cancelled, the Bonds will be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on the Redemption Date. 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.

All Bonds repurchased by the Issuer shall be cancelled forthwith and may not be reissued or re-sold.

## **5.12 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:

- 5.12.1. the Issuer shall fail to pay any interest on any Bond when due and such failure shall continue for 60 days after written notice thereof shall have been given to the Issuer by any Bondholder; or
- 5.12.2. the Issuer shall fail to pay the principal amount on any Bond when due and such failure shall continue for 60 days after written notice thereof shall have been given to the Issuer by any Bondholder; or
- 5.12.3. the Issuer shall fail duly to perform or shall otherwise be in breach of any other material obligation contained in the Terms and Conditions of the Bonds and such failure shall continue for 60 days after written notice thereof shall have been given to the Issuer by any Bondholder; or

- 5.12.4. if any representation or warranty made or deemed to be made or repeated by or in respect of the Issuer is or proves to have been incorrect in any material respect;
- 5.12.5. 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; or
- 5.12.6. the Issuer stops or suspends payments (whether of principal or interest) with respect to all or any class of its respective debts or announces an intention to do so or ceases or threatens to cease to carry on its respective business or a substantial part of its respective business; or
- 5.12.7. the Issuer is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent; or
- 5.12.8. any material indebtedness of the Issuer is not paid when properly due or becomes properly due and payable or any creditor of the Issuer (as the case may be) becomes entitled to declare any such material indebtedness properly due and payable prior to the date when it would otherwise have become properly due or any guarantee or indemnity of the Issuer in respect of indebtedness is not honoured when properly due and called upon; PROVIDED THAT for the purposes of this provision, material indebtedness shall mean an amount exceeding €5,000,000; or
- 5.12.9. in terms of article 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 is not paid out, withdrawn or discharged within one month; or
- 5.12.10. if a judicial or provisional administrator is appointed upon the whole or any material part of the property of the Issuer; or
- 5.12.11. there shall have been entered against the Issuer a final judgement by a court of competent jurisdiction from which no appeal may be or is made for the payment of money in excess of €5,000,000 or its equivalent and 90 days shall have passed since the date of entry of such judgement without its having been satisfied or stayed.

### **5.13 AUTHORISATIONS AND APPROVALS**

The Board of Directors of the Issuer authorised the Bond Issue pursuant to a board of directors' resolution passed on 4 September 2023.

### **5.14 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 providing such service it shall be sufficient to prove that a prepaid letter containing such notice was properly addressed to such Bondholder at his or her registered address and posted.

### **5.15 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 TERMS AND CONDITIONS OF THE BOND ISSUE**

### **6.1 EXPECTED TIMETABLE OF THE BOND ISSUE**

1	Offer Period for Existing Bondholders and Preferred Applicants	5 October 2023 to 23 October 2023
2	Intermediaries' Offer*	3 November 2023
3	Commencement of interest on the Bonds	7 November 2023
4	Announcement of basis of acceptance	7 November 2023
5	Refunds of unallocated monies (if any)	14 November 2023
6	Expected dispatch of allotment advices	14 November 2023
7	Expected date of admission of the Bonds to listing	14 November 2023
8	Expected date of commencement of trading in the Bonds	15 November 2023

\*The Issuer reserves the right to close the Offer Period before the 23 October 2023 with respect to any one or more classes of Applicants depending on the total level of subscription in the Bond Issue, in which case the Intermediaries' Offer' would not take place and the events set out in steps 4 onwards may be brought forward and take place in the same chronological order as set out above.

### **6.2 CONDITIONS TO WHICH THE BOND ISSUE IS SUBJECT**

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 Applicant.

- 6.2.1. The issue and allotment of the Bonds is conditional upon the Bonds being admitted to the Official List of the MSE. In the event such condition is not satisfied, any Application monies (including Cash Top-Ups or Excess) received by the Issuer

will be returned without interest by direct credit into the bank account of the Applicant or of the Authorised Financial Intermediary indicated by the Applicant or the Authorised Financial Intermediary on the relative Application Form, or subscription agreement, respectively, as applicable.

- 6.2.2. All Application Forms are to be processed by the Authorised Financial Intermediaries through a customised IT system.
- 6.2.3. Existing Bondholders applying for Bonds may elect to settle all or part of the amount due on the Bonds applied for (whether in whole or in part consideration for the Bonds being applied for) by completing Application Form 'A', indicating that the consideration for the Bonds applied for shall be settled by way of transfer to the Issuer of all or part of the Exchangeable Bonds held as at the Cut-Off Date in an amount equivalent to the par value of the Bonds applied for (this being, the Exchangeable Bond Transfer). Any Existing Bondholders whose holding in Exchangeable Bonds is less than €1,000 or wish to subscribe for additional Bonds shall be required to pay the Cash Top-Up and/or Excess as applicable together with the submission of their Application Form 'A'. Preferred Applicants applying for Bonds shall complete Application Form 'B' together with payment of the full price of the Bonds applied for.
- 6.2.4. By submitting an Application Form 'A' indicating that the option of the Exchangeable Bond Transfer is being selected (whether in whole or in part consideration for the Bonds being applied for), the Applicant is thereby confirming:
- (i) that all or part (as the case may be) of the Exchangeable Bonds held by the Applicant as at the Cut-Off Date are being transferred to the Issuer, together with the payment due in respect of any Cash Top-Up, if applicable;
  - (ii) that the Application Form constitutes the Applicant's irrevocable mandate to the Issuer to: (a) cause the transfer of the said Exchangeable 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 Exchangeable Bonds in the Issuer and fully and effectively vest title in the appropriate number of Bonds in the Applicant;
  - (iii) that the obligations of the Issuer with respect to the Exchangeable Bonds being transferred to the Issuer are extinguished, replaced by obligations on the part of the Issuer under the Bonds to be issued upon acceptance by the Issuer of the Application in question; and
  - (iv) the matter specified in 6.2.8 below.
- 6.2.5. Authorised Financial Intermediaries participating in the Intermediaries' Offer, should this take place, are required to submit to the Registrar completed subscription agreements as described in more detail in section 6.4 below by latest 12:00 hours CET on 3 November 2023. Authorised Financial Intermediaries may subscribe for Bonds either in their own name or in the name of underlying clients. The minimum amount which each Authorised Financial 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.
- 6.2.6. In the event that an Existing Bondholder applying for a number of Bonds exceeding in value the aggregate nominal value of Exchangeable Bonds held by them as at the Cut-Off Date has been allocated a number of Bonds which is less than the Excess applied for, then such Existing Bondholder shall receive a refund of the price of the Bonds applied for but not allocated. Such refund shall be without interest and shall be made by credit transfer to such account indicated in the Application Form, at the Existing Bondholder's sole risk by latest 14 November 2023.
- In the event that the Preferred Applicants or the Authorised Financial Intermediaries subscribing for Bonds through the Intermediaries' Offer, have been allocated a number of Bonds which is less than the number applied for, then such Preferred Applicants and, or the Authorised Financial Intermediaries shall receive a refund of the price of the Bonds applied for but not allocated. Such refund shall be without interest and shall be made by credit transfer to such account indicated in the Application Form, or the subscription agreement, as applicable. Refunds of unallocated monies shall be made to Preferred Applicants by latest 14 November 2023 and to Authorised Financial Intermediaries pursuant to the Intermediaries' Offer by latest 7 November 2023.
- 6.2.7. An Applicant applying for the Bonds is thereby confirming to the Issuer, the Registrar and the Authorised Financial Intermediary through whom the Application is made, as applicable, that 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 and the Registrar reserve 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, unless the Applicant makes payment in cleared funds and such consideration is accepted by the respective Authorised Financial Intermediary, Registrar and, or Issuer, as applicable, which acceptance shall be made in the Authorised Financial Intermediary, Registrar and, or Issuer's absolute discretion and may be on the basis that the Applicant indemnifies the Authorised Financial Intermediary, Registrar and, or 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.
- 6.2.8. 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 and the Memorandum and Articles of Association of the Issuer. 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.
- 6.2.9. If an Application is submitted on behalf of another person, whether legal or natural, the person submitting the Application

will be deemed to have duly bound such other person on whose behalf the Application has been submitted. The person submitting such Application shall 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, or resolution or a copy thereof duly certified by a lawyer or notary public if so required by the Issuer and the Registrar, but it shall not be the duty or responsibility of the Registrar or Issuer to ascertain that such representative is duly authorised to sign on the Application. Furthermore, in cases where the decision to invest is taken by a third party authorised to transact on behalf of the Applicant (a **"decision maker"**) such as an individual that holds a power of attorney to trade on the Applicant's account or applications under a discretionary account, details of the decision maker need to be included in the relative panel of the Application.

- 6.2.10. 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. The person whose name shall be inserted in the field entitled "Applicant" on the Application, or 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 whose names appear in the field entitled "Additional Applicants" in the Application Form or joint holders in the register, as the case may be. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Bond(s) so held.
- 6.2.11. In the case of corporate Applicants or Applicants having separate legal personality, the Application must be signed by a person(s) authorised to sign and bind such Applicant. It shall not be incumbent on the Company or Registrar to verify whether the person or persons purporting to bind such an Applicant is or are in fact authorised. Applications by corporate Applicants have to include a valid legal entity identifier ("**LEI**") which must be unexpired. Applications without such information or without a valid LEI will not be accepted.
- 6.2.12. 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-à-vis the Issuer to be the holder of the Bond(s) so held and shall have the right to receive interest on the Bond(s) and to vote at meetings of the Bondholders but shall not, during the continuance of the Bond(s), have the right to dispose of the Bond(s) so held without the consent of the bare owner, and shall not be entitled to the repayment of principal on the Bond (which shall be due to the bare owner). Furthermore, the signatures of both the bare owner and the usufructuary will be required in the respective Application.
- 6.2.13. Applications in the name and for the benefit of minors shall be allowed provided that the Applicant already holds an account with the MSE and they are signed by both parents or the legal guardian(s) as applicable. 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 parents or legal guardian(s) signing the Application until such time as the minor attains the age of 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 18 years.
- 6.2.14. Applications for the Bonds by Existing Bondholders and Preferred Applicants must be submitted on the appropriate Application (i.e. Application Form 'A' or Application Form 'B', respectively) by not later than 12:00 hours on 23 October 2023. The Issuer reserves the right to close the Offer Period before the 23 October 2023 with respect to any one or more classes of Applicants depending on the level of subscription in the Bond Issue. Subscription agreements pursuant to the Intermediaries' Offer, should this take place, may be made by not later than 12:00 hours on 3 November 2023. All Applications are to be lodged with any of the Authorised Financial Intermediaries listed in Annex II of this Securities Note together with payment of the full price of the Bonds applied for, in Euro (€) with the exception of Applications submitted by Exchangeable Bondholders, where payment needs to correspond to the amount applied for less the aggregate value of the bonds forming the subject of the Exchangeable Bond Transfer, where applicable. Payments in Euro may be made through any method of payment as accepted by the respective Authorised Financial Intermediary.
- 6.2.15. By completing and submitting an Application Form, the Applicant:
- (a) accepts to be irrevocably contractually committed to acquire the number of Bonds allocated to such Applicant at the Bond Issue Price and, to the fullest extent permitted by law, accepts to be deemed to have agreed not to exercise any rights to rescind or terminate, or otherwise withdraw from, such commitment, such irrevocable offer to purchase, and pay the consideration for, the number of Bonds specified in the Application submitted by the Applicant (or any smaller number of Bonds for which the Application is accepted) at the Bond Issue Price (as applicable) being made subject to the provisions of the Prospectus, the Terms and Conditions, the Application Form and the Memorandum and Articles of Association of the Company;
  - (b) 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 issue of the Bonds contained therein;
  - (c) warrants that the information submitted by the Applicant in the Application Form 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 accordance with section (g) below. In the event of a discrepancy between the personal details (including name and surname and the Applicant's address) appearing on the Application and those held by the MSE in relation to the MSE account number indicated on the Application, the details held by the MSE shall be deemed to be the correct details of the Applicant;
  - (d) acknowledges the processing of any personal data for the purposes specified in the privacy notice published by the Issuer, which is available on the Issuer's website at <http://axgroup.mt>. The Applicant hereby acknowledges that the



processing of personal data may validly take place, even without the Applicant's consent, in the circumstances set out in the GDPR and the Data Protection Act (Cap. 586 of the Laws of Malta) ("**Data Protection Act**") and any applicable subsidiary legislation, as may be amended from time to time. The Applicant hereby confirms that he/she/it has been provided with and read the privacy notice;

- (e) authorises the Issuer (or its service providers, including the CSD and/or the Sponsor, Manager and Registrar) and/or the relevant Authorised Financial Intermediary, as applicable, to process the personal data that the Applicant provides in the Application Form, for all purposes necessary and subsequent to the Bond Issue applied for, in accordance with the GDPR and the Data Protection Act. The Applicant has the right to request access to and rectification of the personal data relating to him/her in relation to the Bond Issue. Any such requests must be made in writing and sent to the Issuer and sent to the CSD at the MSE. The requests must be signed by the Applicant to whom the personal data relates;
- (f) confirms that in making such Application no reliance was placed on any information or representation in relation to the Issuer 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;
- (g) agrees that any refund of unallocated Application monies, will be paid by direct credit, without interest, at the Applicant's own risk, to the bank account as indicated in the Application. The Issuer shall not be responsible for any loss or delay in transmission or any charges in connection therewith;
- (h) warrants that the remittance will be honoured on first presentation and agrees that, if such remittance is not so honoured: the Applicant will not be entitled to receive a registration advice or to be registered in respect of such Bonds, unless and until payment is made in cleared funds for such Bonds and such payment is accepted by the respective Authorised Financial Intermediary or by the Issuer acting through the Registrar (which acceptance shall be made in its absolute discretion and may be on the basis that the Authorised Financial Intermediary or the Issuer acting through the Registrar is indemnified for 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 at any time prior to unconditional acceptance by the Issuer acting through the Registrar of such late payment in respect of the Bonds); or the Issuer may, without prejudice to other rights, treat the agreement to allocate such Bonds as void and may allocate such Bonds to another person, in which case the Applicant will not be entitled to a refund or payment in respect of such Bonds (other than return of such late payment);
- (i) agrees that the registration advice and other documents and any monies returnable to the Applicant may be retained pending clearance of his/her remittance and any verification of identity as required by the Prevention of Money Laundering Act (Cap. 373 of the Laws of Malta) and regulations made thereunder, and that such monies will not bear interest;
- (j) agrees to provide the Issuer, acting through the Registrar, with any information which it or they may request in connection with the Application;
- (k) agrees that all Applications, acceptances of Applications and contracts resulting therefrom will be governed, and construed, in accordance with Maltese law, and to submit to the jurisdiction of the Maltese courts, and agrees that nothing shall limit the right of the Company to bring any action, suit or proceedings arising out of or in connection with any such Applications, acceptance of Applications and contracts resulting therefrom in any manner permitted by law in any court of competent jurisdiction;
- (l) warrants that, where an Applicant signs and submits an Application on behalf of another person, the Applicant is duly authorized to do so and such other person will also be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in the Terms and Conditions and accordingly will be deemed also to have given the confirmations, warranties and undertakings contained in the Terms and Conditions and undertake to submit his power of attorney or a copy thereto duly certified by a lawyer or notary public if so required by the Issuer or the Registrar;
- (m) warrants that where the Applicant is under the age of 18 years, or where an Application is being lodged in the name and for the benefit of a minor, the Applicant is the parent(s) or legal guardian(s) of the minor;
- (n) 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 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 Bond and, or his Application;
- (o) warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;
- (p) 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) as well as not to be 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;
- (q) agrees that the advisers to the Bond Issue (listed in section 4.1 of the Registration Document) will owe the Applicant no duties or responsibilities concerning the Bonds or the suitability of the Applicant;
- (r) agrees that all documents in connection with the issue of the Bonds will be sent at the Applicant's own risk and may be sent by post at the address (or, in the case of joint Applications, the address of the first named Applicant) as set out in the Application; and
- (s) 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.

6.2.16. In the event that an Applicant has not been allocated any Bonds or has been allocated a number of Bonds which is less than the number applied for, the Applicant shall receive from the respective Authorised Financial Intermediary 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 credit transfer to such account indicated in the Application, at the Applicant's sole risk. The Issuer shall not be responsible

for any charges, loss or delay arising in connection with such direct credit transfer.

- 6.2.17. For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations (Subsidiary Legislation 373.01 of the laws of Malta), as amended from time to time, the Authorised Financial 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 Financial Intermediaries are MSE Members or not. Such information shall be held and controlled by the MSE in terms of the Data Protection Act (and the GDPR, as may be amended from time to time, for the purposes and within the terms of the MSE Data Protection Policy as published from time to time.
- 6.2.18. It shall be incumbent on the respective Authorised Financial Intermediary 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 requirements set out in Regulation (EU) No. 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No. 648/2012 ("MiFIR"), as well as the applicable MFSA Rules for investment services providers.
- 6.2.19. By not later than 7 November 2023, the Issuer shall announce the result of the Bond Issue through a company announcement.
- 6.2.20. No person receiving a copy of the Prospectus or an Application 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 such Application, unless, in the relevant territory, such an invitation or offer could lawfully be made to such person or such Application could lawfully be used without contravention of any registration or other legal requirements. In light of the aforesaid, including but not limited to the onerous requirements involved in the registration of the Prospectus in any territory other than Malta and, or compliance with the relevant legal or regulatory requirements, the Issuer has elected not to send Applications to Existing Bondholders and Preferred Applicants having their address as included in the respective register of bondholders outside Malta, except where, inter alia, in the absolute discretion of the Issuer, it is satisfied that such action would not result in a contravention of any applicable legal or regulatory requirement in the relevant jurisdiction.
- 6.2.21. Subscription for Bonds by persons resident in, or who are citizens of, or who are domiciled in, or who have a registered address in, a jurisdiction other than Malta, may be affected by the law of the relevant jurisdiction. Those persons should consult their professional advisers (including tax and legal advisers) as to whether they require any governmental or other consents, or need to observe any other formalities, to enable them to subscribe for the Bonds. It is the responsibility of any person (including, without limitation, nominees, custodians, depositaries and trustees) outside Malta wishing to participate in the Bond Issue, to satisfy himself/herself/itself as to full observance of the applicable laws of any relevant jurisdiction, including, but not limited to, obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any transfer or other taxes (of any nature whatsoever) due in such territories. The Issuer shall not accept any responsibility for the non-compliance by any person of any applicable laws or regulations of foreign jurisdictions.
- 6.2.22. 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.

### **6.3 PLAN OF DISTRIBUTION AND ALLOTMENT**

The Bonds shall be made available for subscription as follows:

- (a) an amount of up to €40,000,000 in nominal value of Bonds, shall be made available for subscription by Existing Bondholders applying for Bonds during the Offer Period by way of Exchangeable Bond Transfer up to the extent of their holdings of Exchangeable Bonds, subject to any Cash Top-Up as and if applicable;
- (b) the balance of the Bonds not subscribed for by Existing Bondholders by means of the Exchangeable Bond Transfer, if any, shall be made available for subscription by: (i) Existing Bondholders in respect of any Excess (provided that such Existing Bondholders transfer their entire holding in Exchangeable Bonds by way of Exchangeable Bond Transfer); and (ii) the Preferred Applicants, *pari passu*, without priority or preference amongst them; and
- (c) in the event that, following the allocations made pursuant to paragraphs (a) and (b) above there shall still remain unallocated Bonds, such Bonds shall be made available for subscription by Authorised Financial Intermediaries through an Intermediaries' Offer.

The Bonds are open for subscription during the Offer Period by: (i) Existing Bondholders applying for Bonds by Exchangeable Bond Transfer; (ii) Existing Bondholders applying for any Excess (provided that such Existing Bondholders transfer their entire holding in Exchangeable Bonds by Exchangeable Bond Transfer); and (iii) the Preferred Applicants, all subject to a minimum subscription amount of €1,000 in nominal value of Bonds. The allocation of the Bonds is subject to the allocation policy of the Issuer set out in section 6.6 of this Securities Note.

Existing Bondholders applying for Bonds are to submit an Application through any of the Authorised Financial Intermediaries, who shall in turn process same through a customised IT system, and may elect to settle all or part of the amount due on the Bonds applied for (whether in whole or in part consideration for the Bonds being applied for) by completing an Application Form 'A', indicating that the consideration for the Bonds applied for shall be settled by way of transfer to the Issuer of all or part of the Exchangeable Bonds held as at the Cut-Off Date in an amount equivalent to the par value of the Bonds applied for (this being, the

Exchangeable Bond Transfer). Any Existing Bondholders whose holding in Exchangeable Bonds is less than €1,000 shall be required to pay the Cash Top-Up together with the submission of their Application Form.

The transfer of Exchangeable Bonds to the Issuer in consideration for the subscription Bonds shall cause the obligations of the Issuer with respect to such Exchangeable Bonds to be extinguished, and shall give rise to obligations on the part of the Issuer under the Bonds.

Preferred Applicants applying for Bonds are to submit an Application through any of the Authorised Financial Intermediaries, by completing an Application Form 'B', who shall in turn process same through a customised IT system.

It is expected that an allotment advice will be dispatched to Applicants within five Business Days of the announcement of the allocation policy. The registration advice and other documents and 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 shall not bear interest while retained as aforesaid.

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

#### **6.4 INTERMEDIARIES' OFFER**

In the event that following closing of the Offer Period there are Bonds which remain unallocated, such Bonds shall form part of an Intermediaries' Offer and shall be made available for subscription by Authorised Financial Intermediaries participating in an Intermediaries' Offer.

For the purposes of the Intermediaries' Offer, the Issuer shall enter into conditional subscription agreements with Authorised Financial Intermediaries, whereby it shall bind itself to allocate Bonds to the Authorised Financial Intermediaries up to any such amount as may not be taken up by the Existing Bondholders and, or the Preferred Applicants, and each Authorised Financial Intermediary will bind itself to subscribe for such number of Bonds, subject to the Bonds being admitted to the Official List of the MSE. The subscription agreements will become binding on the Issuer and each of the Authorised Financial Intermediaries upon delivery, provided that these intermediaries would have paid to the Issuer all subscription proceeds in cleared funds on delivery of the subscription agreement.

Authorised Financial Intermediaries subscribing for Bonds may do so for their own account or for the account of underlying customers, including retail customers, and shall in addition be entitled to distribute any portion of the Bonds subscribed for upon commencement of trading.

#### **6.5 PRICING**

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

#### **6.6 ALLOCATION POLICY**

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

- (a) up to an aggregate of €40,000,000 shall first be allocated to Existing Bondholders applying for Bonds by way of Exchangeable Bond Transfer up to the extent of their holdings of Exchangeable Bonds, subject to the minimum application amount of €1,000 consisting of Exchangeable Bonds and to the extent necessary, Cash Top-Up; and
- (b) the balance of the Bonds not subscribed for by Existing Bondholders by means of the Exchangeable Bond Transfer as aforesaid, if any, shall be made available for subscription by: (i) Existing Bondholders in respect of any Excess applied for (provided that such Existing Bondholders have transferred their entire holding in Exchangeable Bonds by Exchangeable Bond Transfer); and (ii) the Preferred Applicants, *pari passu*, without priority or preference amongst them;
- (c) in the event that, following the allocations made pursuant to paragraphs (a) and (b) above there shall still remain unallocated Bonds, such Bonds shall be allocated to Authorised Financial Intermediaries through an Intermediaries' Offer.

In the event that the aggregate value of Bonds applied for by Existing Bondholders by way of Exchangeable Bond Transfer (including Cash Top-Up, where applicable) exceeds the aggregate amount of Bonds available for subscription as aforesaid, then the Issuer, acting through the Registrar, shall scale down each Application by Existing Bondholders to the minimum amount equivalent to the Exchangeable Bonds held by such Existing Bondholders, and the Cash Top-Up portion shall be subject to an allocation policy to be determined by the Issuer. In such event, Existing Bondholders applying for Excess and the Preferred Applicants will not be allocated any Bonds, and the Intermediaries' Offer shall not take place.

In the event that the aggregate value of Bonds applied for by Existing Bondholders by way of Exchangeable Bond Transfer does not exceed the aggregate amount of Bonds available for subscription, however the Bond Issue is subscribed for in full by the Existing Bondholders (by means of the Exchangeable Bond Transfer including Cash Top-Ups and in respect of any Excess applied for) and Preferred Applicants applying for Bonds, the Intermediaries Offer shall similarly not take place.

## **6.7** ADMISSION TO TRADING

The MFSA has authorised the Bonds as admissible to listing pursuant to the Capital Markets Rules by virtue of a letter dated 26 September 2023.

Application has been made to the MSE for the Bonds being issued pursuant to the Prospectus to be listed and traded on the Official List of the MSE.

The Bonds are expected to be admitted to the MSE with effect from 14 November 2023 and trading is expected to commence on 15 November 2023.

## **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 them in respect of the Bonds, including their acquisition, holding and disposal as well as any income or gains derived therefrom or made on their disposal. The following is a summary of the anticipated tax treatment applicable to Bondholders in so far as taxation in Malta is concerned. This information does not constitute legal or tax advice and is not, and does not purport to be, exhaustive.

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. 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** TAXATION ON INTEREST PAYABLE TO BONDHOLDERS

Interest payable in respect of the Bond to a recipient, as defined in terms of article 41(c) of the Income Tax Act (Cap. 123 of the laws of Malta) (the "**Income Tax Act**") is subject to a 15% final withholding tax (10% in the case of certain types of collective investment schemes), unless the recipient elects to be paid the investment income without deduction of the final withholding tax. Bondholders who do not fall within the definition of a "recipient" do not qualify for the said rate and should seek 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 income tax return (to the extent that the interest is paid net of tax). No person shall be charged to further tax in respect of such income. Furthermore, such tax should not be available as a credit against the recipient's tax liability or for a refund, as the case may be, for the relevant year of assessment in Malta. The Issuer will render an account to the Maltese Commissioner for Tax and Customs of all amounts so deducted, including the identity of the recipient.

In the case of a valid election made 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 Maltese income tax return and be subject to tax on such interest at the standard rates applicable to such Bondholder at that time. Additionally, in this latter case, the Issuer will advise the Maltese Commissioner for Tax and Customs 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 in the Income Tax Act, 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** 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 tax on capital gains is chargeable in respect of a transfer of the Bonds.

### **7.4** DUTY ON DOCUMENTS AND TRANSFERS

In terms of the Duty on Documents and Transfers Act (Cap. 364 of the laws of Malta) (the "DDTA"), 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”.

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

Furthermore, even if the Bonds are considered to be treated as marketable securities for the purposes of the DDTA, in terms of article 50 of the Financial Markets Act (Cap. 345 of the laws of Malta), as the Bonds constitute financial instruments of a company quoted on a regulated market, as is the MSE, redemptions and transfers of the Bonds should, in any case, be exempt from duty.

## **7.5 EXCHANGE OF INFORMATION**

In terms of applicable Maltese legislation, the Issuer and, or its agents are required to collect and forward certain information (including, but not limited to, information regarding payments made to certain Bondholders) to the Commissioner for Tax and Customs. The Commissioner for Tax and Customs 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:

- (a) 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 entitled the Exchange of Information (United States of America) (FATCA) Order (the “**FATCA Legislation**”). Under the FATCA Legislation, foreign financial institutions (“**FFIs**”) 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 Maltese tax authorities. The Maltese Government and the Government of the U.S. shall annually exchange the information obtained pursuant to the FATCA Legislation on an automatic basis. Non-compliance may result in a punitive thirty per cent (30%) withholding tax on distributions captured by FATCA. Financial account information in respect of Bondholders could fall within the scope of FATCA and they may therefore be subject to reporting obligations; and
- (b) the implementation of Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU, 2015/2376, 2016/881, 2016/2258, 2018/822, 2020/876 and 2021/514) 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. The CRS has been proposed by the OECD as a new global standard for the automatic exchange of financial account information between tax authorities in participating jurisdictions. Malta based financial institutions (“**FIs**”) (defined as such for the purposes of CRS) are obliged to identify and report to the Maltese tax authorities financial accounts held by a Reportable Person, as defined under the Maltese CRS legislation, and certain entities with one or more Controlling Persons, as defined under the Maltese 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.

Failure on the part of a Bondholder to provide the Issuer with the necessary information required for its compliance with applicable legislation, may have consequences on the Bondholder’s holding and, or may result in the Issuer having to report the Bondholder to the relevant tax authorities.

**INVESTORS AND PROSPECTIVE INVESTORS ARE URGED TO SEEK PROFESSIONAL ADVICE AS REGARDS BOTH MALTESE AND ANY FOREIGN TAX LEGISLATION APPLICABLE TO: (I) THE ACQUISITION, HOLDING AND DISPOSAL OF THE BONDS; (II) THE INTEREST PAYMENTS MADE BY THE ISSUER; AND (III) THE REPORTING BY THE ISSUER TO THE COMMISSIONER FOR REVENUE OF INFORMATION ON THE BONDHOLDERS AND ON PAYMENTS MADE TO THE BONDHOLDERS AND THE EXCHANGE OF SUCH INFORMATION BETWEEN MALTA AND RELEVANT FOREIGN TAX AUTHORITIES. THE TAX LEGISLATION OF THE INVESTOR’S COUNTRY OF DOMICILE AND OF THE ISSUER’S COUNTRY OF INCORPORATION (MALTA) MAY HAVE AN IMPACT ON THE INCOME RECEIVED FROM THE BONDS. THE ABOVE IS A SUMMARY OF THE ANTICIPATED TAX TREATMENT APPLICABLE TO THE BONDS AND TO BONDHOLDERS. THIS INFORMATION DOES NOT CONSTITUTE LEGAL OR TAX ADVICE AND REFERS ONLY TO BONDHOLDERS WHO DO NOT DEAL IN SECURITIES IN THE COURSE OF THEIR NORMAL TRADING ACTIVITY.**

## **8 ADDITIONAL INFORMATION**

Save for the financial analysis summary contained in Annex III to this Securities Note, the Prospectus does not contain any statement or report attributed to any person as an expert.

The financial analysis summary has been included in the form and context in which it appears with the authorisation of M.Z. Investment Services Limited, at 63, MZ House, St Rita Street, Rabat RBT 1523, Malta, licensed by the MFSA and members of the MSE, who has given and has not withdrawn its consent to the inclusion of such financial analysis summary herein.

The Issuer confirms that the financial analysis summary has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the information contained therein, no facts have been omitted which render the reproduced information inaccurate or misleading.

# ANNEX I

Specimen Application Forms



**AX GROUP P.L.C.**  
**€40,000,000 5.85% UNSECURED BONDS 2033**  
**APPLICATION FORM 'A' - EXISTING BONDHOLDERS**

This Application Form is not transferable and entitles you to subscribe for AX Group p.l.c. 5.85% Unsecured Bonds 2033 as an Existing Bondholder as defined in the Prospectus dated 26 September 2023. Please read the notes overleaf before completing this Application Form. **Mark 'X' where applicable.**

**A APPLICANT** (see notes 2 to 8)

		I.D. CARD / PASSPORT	MSE A/C NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
LEI (Legal Entity Identifier) (if applicant is NOT an Individual)		PLEASE REGISTER ME FOR E-PORTFOLIO <input type="checkbox"/>	MOBILE NO. (mandatory for e-portfolio)

**B ADDITIONAL (JOINT) APPLICANTS** (see note 3) (please use Addendum to Application Form if space is not sufficient)

TITLE (Mr/Mrs/Ms/...)	FULL NAME AND SURNAME	I.D. CARD/PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH
		NATIONALITY

**C DECISION MAKER/MINOR'S PARENTS / LEGAL GUARDIAN(S) / USUFRUCTUARY/IES** (see notes 4, 7 & 8) (to be completed ONLY if applicable)

TITLE (Mr/Mrs/Ms/...)	FULL NAME AND SURNAME	I.D. CARD/PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH
		NATIONALITY
TITLE (Mr/Mrs/Ms/...)	FULL NAME AND SURNAME	I.D. CARD/PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH
		NATIONALITY

**D I/WE APPLY TO PURCHASE AND ACQUIRE** (see note 9):

BOX 1 - Nominal Value of Exchangeable Bonds

BOX 2 - Amount of Bonds applied for in addition to the nominal holding in the Exchangeable Bonds payable in full upon application under the Terms and Conditions of the Bonds set out in the Prospectus.

BOX 3 - I/We wish to purchase and acquire the amount set out in BOX 3 in Bonds at the Bond Issue Price (at par) pursuant to the Prospectus dated 26 September 2023 (the "Prospectus") (minimum €1,000 and in multiples of €100 thereafter).

EXISTING AMOUNT BOX 1	€
AMOUNT ADDED IN FIGURES BOX 2	€
TOTAL AMOUNT IN FIGURES BOX 3	€

AMOUNT IN WORDS

**E RESIDENT - FINAL WITHHOLDING TAX ("FWT") DECLARATION** (see notes 10) (to be completed ONLY if the Applicant is a resident of Malta)

I/We elect to receive interest NET of FWT  I/We elect to receive interest GROSS (i.e. without FWT)

**F NON-RESIDENT - DECLARATION FOR TAX PURPOSES** (see notes 2 & 11) (to be completed ONLY if the Applicant is a non-resident)

TAX COUNTRY	CITY OF BIRTH
T.I.N. (Tax Identification Number)	COUNTRY OF BIRTH
<input type="checkbox"/> NOT resident in Malta but resident in the European Union	<input type="checkbox"/> NOT resident in Malta and NOT resident in the European Union

**G INTEREST, REFUND AND REDEMPTION MANDATE** (see notes 12 & 13) (completion of this panel is MANDATORY)

BANK	IBAN
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I/We have fully understood the instructions for completing this Application Form, and am/are making this Application solely on the basis of the Prospectus, and subject to its Terms and Conditions of the Bonds as contained therein which I/we fully accept.

I/We hereby authorise the Company to forward the details to the Malta Stock Exchange for the purposes of registering the Bonds in my/our MSE account, to register for the e-portfolio (where applicable) and to enable the reporting of all necessary transaction and personal information provided in this Application Form in compliance with Article 26 of MiFIR (Markets in Financial Instruments Regulation) to the Malta Financial Services Authority as competent authority ("Transaction Reporting"). Furthermore, I/we understand and acknowledge that the Company may require additional information for Transaction Reporting purposes and agree that such information will be provided.

Signature/s of Applicant/s \_\_\_\_\_ Date \_\_\_\_\_  
 (Parent/s or legal guardian/s are/is to sign if Applicant is a minor)  
 (All parties are to sign in the case of a joint Application)  
 (Bare owner/s and usufructuary/ies to sign in the case of holdings of Bonds that are subject to usufruct)

AUTHORISED FINANCIAL INTERMEDIARY'S STAMP	AUTHORISED FINANCIAL INTERMEDIARY'S CODE	APPLICATION NUMBER
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## Notes on how to complete this Application Form and other information

*The following notes are to be read in conjunction with the Prospectus dated 26 September 2023 regulating the Bond Issue*

This Application Form is not transferable and entitles you to a preferential treatment as holder of the 6% AX Investments p.l.c. 2024 (the "Exchangeable Bonds") and is to be submitted as a method of payment where the Applicant selects to apply for the 5.85% AX Group p.l.c. Unsecured Bonds 2033 (the "Bond/s") so as to transfer to the Issuer all or part of the holding in the Exchangeable Bond held by the Applicant as at the Cut-Off Date, the nominal value of which is set out in Box 1 of Panel D. By submitting this signed Application Form, Existing Bondholders shall be deemed to:

- i. cause the transfer of the said Exchangeable Bonds in the Issuer's name in consideration of the issue of Bonds; and
- ii. 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 Exchangeable Bonds in the Issuer and fully and effectively vest title in the appropriate number of Bonds in the Applicant.

1. This Application is governed by the Terms and Conditions of the Bond Issue contained in Section 6 of the Securities Note dated 26 September 2023 forming part of the Prospectus. Capitalised terms not defined herein shall, unless the context otherwise requires, have the meaning ascribed to them in the Prospectus.
2. The Application Form is to be completed in BLOCK LETTERS. For applicants who are non-residents in Malta for tax purposes, the relative box in Panel F must be completed.
3. The MSE account number pertaining to the Existing Bondholders, has been preprinted in Panel A and reflects the MSE account number on the bond register of the Exchangeable Bonds held at the CSD as at 22 September 2023 (trading session of the 19 September 2023). If an MSE account pertains to more than one person (including husband and wife), the full details of all individuals must be given in Panels A and B but the first named bondholder shall, for all intents and purposes, be deemed to be the registered holder of the Bonds (vide note 6 below). Applications by more than two persons are to use the Addendum to the Application Form.  
Upon submission of an Application Form, Bondholders who opt to have an online e-portfolio facility (by marking the relative box in Panel A), will receive by mail at their registered address a handle code to activate the new e-portfolio login. Registration for the e-Portfolio facility requires a mobile number to be provided on the Application Form. The Bondholder's statement of holdings evidencing entitlement to Bonds held in the register kept by 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 may be found on <https://eportfolio.borzamalta.com.mt/Help>.
4. Applications in the name of minors shall be allotted Bonds in their name as Bondholders, with interest and redemption proceeds payable to the account written in Panel G, which should be in the name of the parent/s or legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption proceeds shall be payable directly to the registered holder, provided that the Company has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years. Panel C must be inserted with full details of the parents/legal guardians.
5. In the case of a body corporate, a valid Legal Entity Identifier ("LEI") needs to be inserted in Panel A. **Failure to include a valid LEI code, will result in the Application being cancelled by the Registrar.** Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.
6. **EXISTING BONDHOLDERS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED BY THE MALTA STOCK EXCHANGE IN THE MSE ACCOUNT QUOTED ON THIS APPLICATION FORM EVEN IF THE DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE CSD OF THE MALTA STOCK EXCHANGE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF. A SEPARATE REQUEST BY THE APPLICANT TO CHANGE THESE DETAILS AS RECORDED AT THE MSE, WILL HAVE TO BE EFFECTED.**
7. Where a decision to invest is taken by a third party authorised to transact on behalf of the Applicant (a "decision maker") such as an individual that holds a power of attorney to trade on the Applicant's account or applications under a discretionary account, details of the decision maker need to be included in Panel C.
8. Where an MSE account number is held subject to usufruct, Panel C needs to be completed and both the bare owner/s and the usufructuary/ies are to sign this Application Form.
9. **The amount set out in Box 3 of Panel D overleaf must be for a minimum of €1,000 and in multiples of €100.** Where the Applicant wishes to acquire a number of Bonds having an aggregate value which exceeds the nominal value of the number of Exchangeable Bonds set out in Box 1 of Panel D, the Applicant may do so by including such higher amount in Box 3 in Panel D. In such case, the Applicant must ensure that the relative Application Form is accompanied by payment of the difference between the full price of the amount of Bonds applied for and the nominal value of Exchangeable Bonds being transferred as set out in Box 2.
10. Only Applicants who hold a valid official Maltese Identity Card or companies registered in Malta will be treated as resident in Malta. In such a case the Applicant may elect to have final withholding tax, currently 15%, deducted from interest payments in which case such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of final withholding tax), but will be obliged to declare interest so received in the tax return. The Company will render an account to the Maltese Commissioner for Revenue of all interest paid, all amounts of tax deducted by the payor in respect of the interest paid and of the identity of all such recipients. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Authorised entities applying in the name of a prescribed fund will have final withholding tax (currently 10%), deducted from interest payments.  
In terms of Section 7.2 of the Securities Note, unless the Company is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of "recipient" in terms of article 41(c) of the Income Tax Act (Cap. 123 of the laws of Malta), interest shall be paid to such person net of final withholding tax, (currently 15%) of the gross amount of interest, pursuant to article 33 of the Income Tax Act (Cap. 123 of the laws of Malta).
11. Non-residents of Malta should note that payment of interest to individuals and certain residual entities residing in another EU Member State is reported on an annual basis to the Director General Inland Revenue, Malta, who will in turn exchange the information with the competent tax authority of the Member State where the recipient of interest is resident. This exchange of information takes place in terms of the Council Directive 2014/107/EU, of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation.  
*The contents of Notes 10 and 11 above do not constitute tax advice by the Company and Applicants are to consult their own independent tax advisors in case of doubt.*
12. Interest, refund and redemption proceeds will be credited to the account indicated in Panel G or as otherwise amended by the Bondholder/s during the term of the Bond.
13. The Offer Period will open at 08:30 hours on 5 October 2023 and will close at 12:00 hours on 23 October 2023. The Issuer reserves the right to close the Offer Period before the 23 October 2023 with respect to any one or more classes of Applicants depending on the level of subscription in the Bond Issue. Application for Bonds may be lodged with any Authorised Financial Intermediary listed in Annex II of the Securities Note during normal office hours. Applications remitted by post will be accepted at the respective Authorised Financial Intermediary's discretion. If any Application is not accepted after the closure of the subscription lists or is accepted for fewer Bonds than those applied for, the monies equivalent to the number of Bonds not being accepted will be returned by direct credit into the IBAN specified in panel G.
14. By completing and delivering an Application Form you (as the Applicant(s)) acknowledge that:
  - a. the Company or its duly appointed agents including the CSD and the Registrar, may process the personal data that you provide in the Application Form in accordance with the Data Protection Act (Cap. 586 of the laws of Malta) and the General Data Protection Regulation (GDPR) (EU) 2016/679 as amended from time to time;
  - b. the Company may process such personal data for all purposes necessary for and related to the Bonds applied for; and
  - c. you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Company.

Any such requests must be made in writing and addressed to the Company. The request must be signed by yourself as the Applicant to whom the personal data relates.

**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 on offer will be repayable in full upon redemption. An investor should consult a financial advisor, licensed under the Investment Services Act (Cap. 370 of the laws of Malta), for advice.**



**AX GROUP P.L.C.**  
**€40,000,000 5.85% UNSECURED BONDS 2033**  
**APPLICATION FORM B - PREFERRED APPLICANTS**

This Application Form is not transferable and entitles you to subscribe for AX Group p.l.c. 5.85% Unsecured Bonds 2033 as a Preferred Applicant as defined in the Prospectus dated 26 September 2023. Please read the notes overleaf before completing this Application Form. Mark 'X' where applicable.

<b>A APPLICANT</b> <small>(see notes 2 to 8)</small>			
		I.D. CARD / PASSPORT	MSE A/C NO.

DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
LEI (Legal Entity Identifier) <small>(if applicant is NOT an Individual)</small>		PLEASE REGISTER ME FOR E-PORTFOLIO <input type="checkbox"/>	MOBILE NO. <small>(mandatory for e-portfolio)</small>

<b>B ADDITIONAL (JOINT) APPLICANTS</b> <small>(see note 3)</small> <span style="float: right;"><small>(please use Addendum to Application Form if space is not sufficient)</small></span>			
TITLE (Mr/Mrs/Ms/...)	FULL NAME AND SURNAME	I.D. CARD/PASSPORT NO.	
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY

<b>C DECISION MAKER/MINOR'S PARENTS / LEGAL GUARDIAN(S) / USUFRUCTUARY/IES</b> <small>(see notes 4, 7 &amp; 8) (to be completed ONLY if applicable)</small>			
TITLE (Mr/Mrs/Ms/...)	FULL NAME AND SURNAME	I.D. CARD/PASSPORT NO.	
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
TITLE (Mr/Mrs/Ms/...)	FULL NAME AND SURNAME	I.D. CARD/PASSPORT NO.	
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY

<b>D I/WE APPLY TO PURCHASE AND ACQUIRE</b> <small>(see note 9):</small>	
AMOUNT IN FIGURES € <input style="width: 80%;" type="text"/>	AMOUNT IN WORDS <input style="width: 95%;" type="text"/>
<p>AX Group p.l.c. 5.85% Unsecured Bonds 2033 (the "Bonds") (minimum subscription of €1,000 and in multiples of €100 thereafter) at the Bond Issue Price (at par), as defined in the Prospectus dated 26 September 2023 (the "Prospectus"), payable in full upon application under the Terms and Conditions of the Bonds as set out in the Prospectus.</p>	

<b>E RESIDENT - FINAL WITHHOLDING TAX ("FWT") DECLARATION</b> <small>(see notes 10 &amp; 11) (to be completed ONLY if the Applicant is a resident of Malta)</small>	
<input type="checkbox"/> I/We elect to receive interest NET of FWT	<input type="checkbox"/> I/We elect to receive interest GROSS (i.e. without FWT)

<b>F NON-RESIDENT - DECLARATION FOR TAX PURPOSES</b> <small>(see notes 2 &amp; 11) (to be completed ONLY if the Applicant is a non-resident)</small>	
TAX COUNTRY	CITY OF BIRTH
T.I.N. (Tax Identification Number)	COUNTRY OF BIRTH
<input type="checkbox"/> NOT resident in Malta but resident in the European Union	<input type="checkbox"/> NOT resident in Malta and NOT resident in the European Union

<b>G INTEREST, REFUND AND REDEMPTION MANDATE</b> <small>(see notes 12 &amp; 13) (completion of this panel is MANDATORY)</small>	
BANK	IBAN

I/We have fully understood the instructions for completing this Application Form, and am/are making this Application solely on the basis of the Prospectus, and subject to its Terms and Conditions of the Bonds as contained therein which I/we fully accept.  
 I/We hereby authorise the Company to forward the details to the Malta Stock Exchange for the purposes of registering the Bonds in my/our MSE account, to register for the e-portfolio (where applicable) and to enable the reporting of all necessary transaction and personal information provided in this Application Form in compliance with Article 26 of MiFIR (Markets in Financial Instruments Regulation) to the Malta Financial Services Authority as competent authority ("Transaction Reporting"). Furthermore, I/we understand and acknowledge that the Company may require additional information for Transaction Reporting purposes and agree that such information will be provided.

Signature/s of Applicant/s \_\_\_\_\_ Date \_\_\_\_\_  
(Parent/s or legal guardian/s are/is to sign if Applicant is a minor)  
 (All parties are to sign in the case of a joint Application)  
 (Bare owner/s and usufructuary/ies to sign in the case of holdings of Bonds that are subject to usufruct)

AUTHORISED FINANCIAL INTERMEDIARY'S STAMP	AUTHORISED FINANCIAL INTERMEDIARY'S CODE	APPLICATION NUMBER
	<input style="width: 100%; height: 100%;" type="text"/>	



## Notes on how to complete this Application Form and other information

*The following notes are to be read in conjunction with the Prospectus dated 26 September 2023 regulating the Bond Issue*

1. This Application is governed by the Terms and Conditions of the Bond Issue contained in Section 6 of the Securities Note dated 26 September 2023 forming part of the Prospectus. Capitalised terms not defined herein shall, unless the context otherwise requires, have the meaning ascribed to them in the Prospectus.
2. The Application Form is to be completed in BLOCK LETTERS. For applicants who are non-residents in Malta for tax purposes, the relative box in Panel F must be completed.
3. The MSE account number pertaining to the Preferred Applicants, has been preprinted in Panel A and reflects the MSE account number on the respective register held at the CSD as at 22 September 2023 (trading session of the 19 September 2023). If an MSE account pertains to more than one person (including husband and wife), the full details of all individuals must be given in Panels A and B but the first named bondholder shall, for all intents and purposes, be deemed to be the registered holder of the Bonds (vide note 6 below). Applications by more than two persons are to use the Addendum to the Application Form.  

Upon submission of an Application Form, Bondholders who opt to have an online e-portfolio facility (by marking the relative box in Panel A), will receive by mail at their registered address a handle code to activate the new e-portfolio login. Registration for the e-Portfolio facility requires a mobile number to be provided on the Application Form. The Bondholder's statement of holdings evidencing entitlement to Bonds held in the register kept by 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 may be found on <https://eportfolio.borzamalta.com.mt/Help>.
4. Applications in the name of minors shall be allotted Bonds in their name as Bondholders, with interest and redemption proceeds payable to the account written in Panel G, which should be in the name of the parent/s or legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption proceeds shall be payable directly to the registered holder, provided that the Company has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years. Panel C must be inserted with full details of the parents/legal guardians.
5. In the case of a body corporate, a valid Legal Entity Identifier ("LEI") needs to be inserted in Panel A. **Failure to include a valid LEI code, will result in the Application being cancelled by the Registrar.** Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.
6. **PREFERRED APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED BY THE MALTA STOCK EXCHANGE IN THE MSE ACCOUNT QUOTED ON THIS APPLICATION FORM EVEN IF THE DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE CSD OF THE MALTA STOCK EXCHANGE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF. A SEPARATE REQUEST BY THE APPLICANT TO CHANGE THESE DETAILS AS RECORDED AT THE MSE, WILL HAVE TO BE EFFECTED.**
7. Where a decision to invest is taken by a third party authorised to transact on behalf of the Applicant (a "decision maker") such as an individual that holds a power of attorney to trade on the Applicant's account or applications under a discretionary account, details of the decision maker need to be included in Panel C.
8. Where an MSE account number is held subject to usufruct, Panel C needs to be completed and both the bare owner/s and the usufructuary/ies are to sign this Application Form.
9. **Applications must be for a minimum subscription of €1,000 and thereafter in multiples of €100 and must be accompanied by the relevant subscription amount in Euro.**
10. Only Applicants who hold a valid official Maltese Identity Card or companies registered in Malta will be treated as resident in Malta. In such a case the Applicant may elect to have final withholding tax, currently 15%, deducted from interest payments in which case such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of final withholding tax), but will be obliged to declare interest so received in the tax return. The Company will render an account to the Maltese Commissioner for Revenue of all interest paid, all amounts of tax deducted by the payor in respect of the interest paid and of the identity of all such recipients. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Authorised entities applying in the name of a prescribed fund will have final withholding tax (currently 10%), deducted from interest payments.  

In terms of Section 7.2 of the Securities Note, unless the Company is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of "recipient" in terms of article 41(c) of the Income Tax Act (Cap. 123 of the laws of Malta), interest shall be paid to such person net of final withholding tax, (currently 15%) of the gross amount of interest, pursuant to article 33 of the Income Tax Act (Cap. 123 of the laws of Malta).
11. Non-residents of Malta should note that payment of interest to individuals and certain residual entities residing in another EU Member State is reported on an annual basis to the Director General Inland Revenue, Malta, who will in turn exchange the information with the competent tax authority of the Member State where the recipient of interest is resident. This exchange of information takes place in terms of the Council Directive 2014/107/EU, of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation.  

*The contents of Notes 10 and 11 above do not constitute tax advice by the Company and Applicants are to consult their own independent tax advisors in case of doubt.*
12. Interest, refund and redemption proceeds will be credited to the account indicated in Panel G or as otherwise amended by the Bondholder/s during the term of the Bond.
13. The Offer Period will open at 08:30 hours on 5 October 2023 and will close at 12:00 hours on 23 October 2023. The Issuer reserves the right to close the Offer Period before the 23 October 2023 with respect to any one or more classes of Applicants depending on the level of subscription in the Bond Issue. Application for Bonds may be lodged with any Authorised Financial Intermediary listed in Annex II of the Securities Note during normal office hours. Applications remitted by post will be accepted at the respective Authorised Financial Intermediary's discretion. If any Application is not accepted after the closure of the subscription lists or is accepted for fewer Bonds than those applied for, the monies equivalent to the number of Bonds not being accepted will be returned by direct credit into the IBAN specified in panel G.
14. By completing and delivering an Application Form you (as the Applicant(s)) acknowledge that:
  - a. the Company or its duly appointed agents including the CSD and the Registrar, may process the personal data that you provide in the Application Form in accordance with the Data Protection Act (Cap. 586 of the laws of Malta) and the General Data Protection Regulation (GDPR) (EU) 2016/679 as amended from time to time;
  - b. the Company may process such personal data for all purposes necessary for and related to the Bonds applied for; and
  - c. you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Company.

Any such requests must be made in writing and addressed to the Company. The request must be signed by yourself as the Applicant to whom the personal data relates.

**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 on offer will be repayable in full upon redemption. An investor should consult a financial advisor, licensed under the Investment Services Act (Cap. 370 of the laws of Malta), for advice.**

# ANNEX II

## Authorised Financial Intermediaries

<b>NAME</b>	<b>ADDRESS</b>	<b>TELEPHONE</b>
APS Bank p.l.c.	APS Centre, Tower Street, Birkirkara BKR 4012	25603000
Bank of Valletta p.l.c.	Premium Banking Centre, 475, Triq il-Kbira San Guzepp St Venera SVR 1011 (applications accepted ant any branch)	22751732
Calamatta Cuschieri Investment Services Ltd	Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034	25688688
CiliaFormosa Financial Advisors Ltd	Triq id-Delu Mosta, MST 3355	22260200
Curmi & Partners Ltd	Finance House, Princess Elizabeth Street, Ta' Xbiex XBX 1102	21347331
FINCO Treasury Management Ltd	The Bastions, Office No 2, Emvin Cremona Street, Floriana FRN 1281	21220002
Hogg Capital Investments Ltd	NuBis Centre, Mosta Road, Lija LJA 9012	21322872
HSBC Bank (Malta) p.l.c.	1st Floor, Business Banking Centre 80, Mill Street, Qormi QRM 3101	23802380
Jesmond Mizzi Financial Advisors Ltd	67 Level 3, South Street, Valletta VLT 1105	21224410
Lombard Bank Malta p.l.c.	67, Republic Street, Valletta VLT 1117	25581806
MeDirect Bank (Malta) p.l.c.	The Centre, Tigne` Point, Sliema TPO 0001	25574400
Michael Grech Financial Investment Services Ltd	The Brokerage, Level OA St Marta Street Victoria, Gozo VCT 2550	22587000
MZ Investment Services Ltd	63, St. Rita Street, Rabat RBT 1523	21453739
Rizzo, Farrugia & Co (Stockbrokers) Ltd	Airways House, Fourth Floor, High Street, Sliema SLM 1551	22583000
Timberland Invest Ltd	Aragon House Business Centre, Dragonara Road, St Julian's STJ 3140	20908100

# ANNEX III

## FINANCIAL ANALYSIS SUMMARY

DATED 26 SEPTEMBER 2023

ISSUER:

**AX GROUP P.L.C.**  
(C 12271)

**Prepared by**



MZ INVESTMENTS



MZ INVESTMENTS

**MZ Investment Services Limited**

63, 'MZ House', St Rita Street, Rabat RBT 1523, Malta  
E info@mzinvestments.com W mzinvestments.com

The Directors  
AX Group p.l.c.  
AX Business Centre  
Triq id-Difiza Civili  
Mosta MST 1741  
Malta

26 September 2023

Dear Board Members,

### Financial Analysis Summary

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 this Analysis is that of summarising key financial data appertaining to AX Group p.l.c. (the "**Issuer**", "**AX Group**", or "**Group**"). The data is derived from various sources or is based on our own computations as follows:

- (a) Historical financial data for the most recent three financial years (ending 31 October 2020, 31 October 2021, and 31 October 2022) has been extracted from the respective audited consolidated annual financial statements.
- (b) The forecast and projected data for the financial years ending 31 October 2023 and 31 October 2024 has been provided by the Group.
- (c) Our commentary on the financial performance, cash flows, and financial position of AX Group is based on explanations provided by the Issuer.
- (d) The ratios quoted in this Analysis have been computed by us applying the definitions set out in Part 4 - 'Explanatory Definitions' of this report.
- (e) Relevant financial data in respect of the companies included in Part 3 - 'Comparative Analysis' of this Analysis has been extracted from public sources such as websites of the companies concerned, financial statements filed with the Registrar of Companies, as well as other sources providing financial data.

This Analysis is meant to assist investors and potential investors in the securities of AX Group by summarising the more important financial data of the Group. This Analysis does not contain all data that is relevant to investors or potential investors. This Analysis does not constitute an endorsement by our firm of any securities of AX Group and therefore should not be interpreted as a recommendation to invest or not invest in any of these securities. We will not accept any liability for any loss or damage arising out of the use of this Analysis. As with all investments, potential investors are encouraged to seek professional advice before investing in these securities.

Yours faithfully,

**Evan Mohnani**  
Head of Corporate Broking

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Company Registration Number: C 23936 | VAT Number: MT 1529 8424

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# PART 1 – INFORMATION ABOUT THE GROUP

## 1. ABOUT AX GROUP

AX Group is engaged in the provision of hospitality services, leisure, and entertainment (“**AX Hotels**”); retirement residences and elderly care (“**AX Care**”); property development (“**AX Development**”); construction and building materials (“**AX Construction**”); as well as ownership of real estate mainly through AX Real Estate p.l.c. (“**AX Real Estate**”) (“**AXRE**”). In addition, the Group has a 50% shareholding in a joint venture that owns properties in an industrial park (Hardrocks Estates Limited) and has substantial shareholding in two associates that are involved in renewable energy projects (Imselliet Solar Limited) and the management of Valletta Cruise Port.

The Group commenced its business in the 1970s, first as a property construction and development company before diversifying into the hotel industry in the 1980s through the launch of Sunny Coast Resort & Spa and Odycy Hotel (formerly Seashells Resort at Suncrest), both located in Qawra. Thereafter, AX Group continued to grow its hospitality division with the development of The Victoria Hotel and The Palace in 1996 and 2007 respectively, both located in Sliema. These were followed by the acquisition and restoration of two upmarket boutique properties located in Valletta – The Saint John (2015) and Rosselli (2016) – which welcomed their first guests in August 2017 and May 2019 respectively.

Over the years, the **AX Hotels** brand has carved a unique status in the local hospitality market as a hotel operator that caters for a wide range of diverse tastes. Across its hotel properties, as well as its various highly distinguished food and beverage outlets, the Group’s hospitality division is the largest operating segment of the Group.

**AX Construction** and **AX Development** are also very important operating arms of the Group having been entrusted with a number of major projects including the Valletta Cruise Port, the Group’s own hotels, the Verdala Mansions, Capua Hospital, is-Suq tal-Belt, the Hilltop Complex (which comprises the Hilltop Gardens Retirement Village and the Simblija Care Home), and the Parliament Building amongst others. Furthermore, AX Construction gained specialisation in the restoration of various buildings which are also deemed to be among Malta’s most valuable from a cultural and historical perspective.

In FY2014 and FY2015, the Group developed the Hilltop Complex which is operated under the **AX Care** brand. The complex offers independent living with access to a range of facilities and amenities, as well as a 24-hour care and nursing home for dependent elderly residents who require intensive health support.

In FY2016, AX Group increased its shareholding in Valletta Cruise Port plc to 36.4% from 24% for a total consideration of €3.9 million. The value of this investment, together with the Group’s shareholding interests in Imselliet Solar Limited (33.3%) and Hardrocks Estates Limited (50%) stood at €8.29 million as at 30 April 2023.

In December 2019, AX Group issued €25 million in unsecured bonds<sup>1</sup>, the net proceeds of which were used for (i) the acquisition and development of Palazzo Lucia, Valletta (€9 million); (ii) the acquisition of a site located in Marsa (€7 million); refinancing of debt (€4.5 million); as well as (iv) general corporate funding requirements (€4 million). The acquisitions of Palazzo Lucia and the site in Marsa were completed in May 2020. Following extensive restoration and upgrading, Palazzo Lucia is expected to be inaugurated as a high-end office building and leased to third parties by the end of calendar year 2023.

During FY2020, the Group was involved in the development of the Targa Gap Complex. The building houses the Group’s head office and includes residential units, office space leased to third parties, as well as four levels of underground parking. All the 14 residential units that were placed on the market have been sold whilst the Group leases the remaining seven units to third parties. Similarly, during FY2022 and H1 2023, AX Group concluded the sale of the remaining units within Falcon House, Sliema, and leased the available office space to third parties. Falcon House is located adjacent to the Falcon House Complex and comprises two levels of office space, eight luxury apartments, and a penthouse.

In FY2021, the Group commenced civil works on the site previously occupied by the 160-room five-star Grand Hotel Verdala. The site is located in a Special Designated Area in Tal-Virtù, Rabat, and was acquired by the Group in March 1997. It is currently being redeveloped into: (i) a 40-room five-star all-suite Verdala Hotel that will also include 23 additional serviced/self-catering units; and (ii) two residential blocks comprising a total of 87 units for resale. Furthermore, the project entails the refurbishment of 19 existing apartments (known as Virtu Heights) that will be annexed to the Verdala Hotel.

In February 2022, AX Group listed **AXRE** on the Main Market of the Malta Stock Exchange, with 25% of the company’s ordinary ‘A’ shares being taken up by the general public. Through this transaction, €13.65 million in new equity was raised. In conjunction, AXRE also issued €40 million unsecured bonds redeemable in 2032. The general public subscribed to €18.35 million of the bonds whilst the remaining €21.65 million was allocated to AX Group through the part conversion of an existing intra-group loan with AXRE. The current balance of AXRE bonds held by the Issuer has been reduced to €18.08 million (nominal). It is the Issuer’s intention to further dispose of such bonds held by it at the opportune time to ascertain sufficient liquidity for future projects.

Also in 2022, AX Group acquired the La Ferla building which is situated in Tower Road c/w Tigné Street, Sliema, for a consideration of €2.3 million. The transaction was financed from accumulated reserves. In this respect, the Group has started the process to obtain the necessary permits for the eventual redevelopment of the building.

<sup>1</sup> The €15 million 3.25% AX Group plc 2026 Series I and the €10 million 3.75% AX Group plc 2029 Series II.

## 2. DIRECTORS AND EXECUTIVE MANAGEMENT

### 2.1 BOARD OF DIRECTORS

The Board of Directors of AX Group consists of seven individuals who are entrusted with the overall direction, strategy, and management of the Group:

Angelo Xuereb	Executive Chairman
Michael Warrington	Executive Director and Chief Executive Officer
Denise Xuereb	Executive Director (AX Construction and AX Development) <sup>2</sup>
Claire Zammit Xuereb	Executive Director (AX Hospitality and AX Care)
John Soler	Independent Non-Executive Director
Josef Formosa Gauci	Independent Non-Executive Director
Christopher Paris	Non-Executive Director

### 2.2 EXECUTIVE MANAGEMENT

The Executive Management team of AX Group is composed of the following individuals:

Michael Warrington	Executive Director and Chief Executive Officer
Denise Xuereb	Executive Director (AX Construction and AX Development) <sup>3</sup>
Claire Zammit Xuereb	Executive Director (AX Hospitality and AX Care)
Albert Bonello	Managing Director, Finance and Administration
David Wain	Chief Legal Officer
Nicholai (aka Nicky) Camilleri	Chief Operations Officer
Marthese Vella	Chief Technical Officer
Caroline Schembri	Head of Administration
Josephine Grima	Head of Human Resources
Kevin Callus	General Manager, Sliema and Valletta properties
Joseph Vella	General Manager, Qawra properties
Jocelyn Cuomo	Head of Marketing and Public Relations
Lawrence Degabriele	Head of Information Technology

The average number of persons employed by the Group (including the Directors) during FY2022 stood at 684 (FY2021: 577).

## 3. ORGANISATIONAL STRUCTURE

AX Group is ultimately owned by Angelo Xuereb (55%), Richard Xuereb (15%), Claire Zammit Xuereb (15%)<sup>4</sup>, and Denise Xuereb (15%)<sup>5</sup>. The diagram overleaf illustrates the organisational structure of the Group.

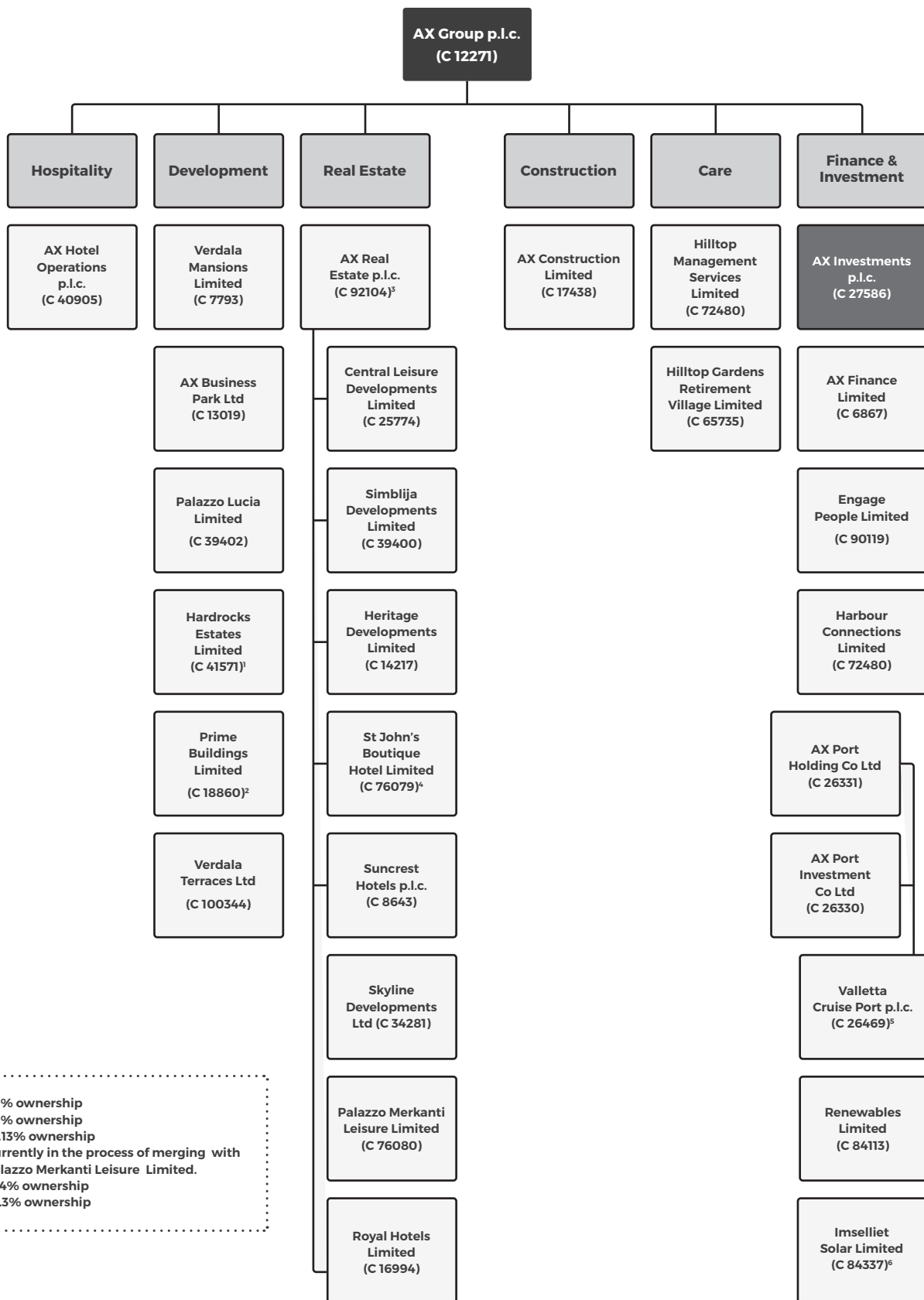
During FY2021, the Group went through a reorganisation exercise with the aim of consolidating its main property letting activities under a single entity – i.e., AXRE. **A description of the operational activities of AXRE, together with an analysis of the company's performance and forecasts, is included in the Financial Analysis Report dated 28 April 2023 which is available at: <https://axinvestor-relations.mt/ax-real-estate/>.**

<sup>2</sup> Denise Xuereb is also the Chief Executive Officer of AXRE.

<sup>3</sup> Denise Xuereb is also the Chief Executive Officer of AXRE.

<sup>4</sup> Through The Lotus Co Ltd.

<sup>5</sup> Through DX Holdings Limited.





## 4. PRINCIPAL PROPERTY ASSETS

The table below provides a list of the principal properties of the Group and their respective asset values as at the end of each of FY2020, FY2021, and FY2022. The year-on-year movement in the carrying value of each principal property mainly reflects additions, disposals, depreciation and, or fair value adjustments. The net movement in revaluation of each principal property during the financial years under review is provided separately in the table hereunder.

<b>AX Group p.l.c.</b>				<b>Revaluation</b>
<b>Principal Property Assets</b>				
<b>As at 31 October</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Qawra Hotels <sup>1</sup>	93,468	93,469	111,150	(11,374)
Sliema Hotels <sup>2</sup>	72,029	79,870	75,864	(1,748)
Hilltop Complex, Naxxar <sup>3</sup>	45,158	47,485	48,585	6,438
Verdala Project, Rabat <sup>4</sup>	28,877	27,985	44,728	(1,347)
Valletta Hotels <sup>5</sup>	19,294	22,698	20,849	4,536
Tad-Dwiemes, Marsa <sup>6</sup>	18,756	18,758	19,000	242
Targa Gap Complex, Mosta <sup>7</sup>	12,244	12,615	10,715	1,947
Palazzo Capua, Sliema	8,687	8,940	9,300	766
Hardrocks Business Park, Burmarrad <sup>8</sup>	6,349	6,950	7,600	827
Palazzo Lucia, Valletta	5,705	5,828	6,507	-
Villa Vistana, Mosta	3,800	5,250	5,250	1,533
Falcon House Offices, Sliema	-	4,320	5,050	4,067
La Ferla Building, Sliema <sup>9</sup>	-	-	2,417	-
Other	14,672	12,321	10,644	(1,173)
	<b>329,039</b>	<b>346,489</b>	<b>377,659</b>	<b>4,714</b>

<sup>1</sup> Odycy Hotel, Sunny Coast Resort & Spa, and Luzzu Complex.

<sup>6</sup> Plot of land which is currently not in use.

<sup>2</sup> The Palace and The Victoria Hotel.

<sup>7</sup> Property principally serves as the Group's head office. Some office space and residential units are leased to third parties.

<sup>3</sup> Hilltop Gardens Retirement Village and Simblija Care Home.

<sup>8</sup> Nine warehouses and an office block in an industrial complex.

<sup>4</sup> Verdala Hotel, Verdala Hotel Annex, and Verdala Terraces.

<sup>9</sup> Property earmarked for future redevelopment.

<sup>5</sup> The Saint John and Rosselli.

### 4.1 QAWRA HOTELS

#### 4.1.1 ODYCY HOTEL

Odycy Hotel is a four-star hotel located on the Qawra seafront designed in a contemporary and modern style. The hotel suspended its operations in Q4 2021 for the purpose of pursuing a major investment comprising the addition of four floors which increased the total number of rooms by 147 to 599 rooms; and the redevelopment, upgrading, and extension of the hotel's extensive public and outdoor areas including new pools, restaurants, bars, and other facilities. Simultaneously, the hotel's lido area, which spans the entire panorama of Odycy Hotel, was demolished and redeveloped. This now includes an underground car park, whilst above ground there are different sections for adults, family, and children (including a small waterpark). It is envisaged that the lido's pool will eventually form part of a series of laguna pools, restaurants, and commercial outlets that would include the areas currently appertaining to Luzzu Complex and Sunny Coast Resort & Spa.

The soft opening of Odycy Hotel took place in late May 2023. The property offers a wide range of accommodation options and catering to various preferences (including all-inclusive basis). From family-friendly and economy rooms to high-end suites, the hotel appeals to a broad audience with different budget levels and tastes. Moreover, Odycy Hotel boasts various facilities and 11 signature dining choices including the upscale sky bar Medusa, Mediterranean fusion restaurant Minoa, sophisticated hotel lounge bar Sidestreet, buffet restaurant Deck & Keel, and other family-friendly restaurants. The overall cost of the project amounted to circa €72 million which is around €20 million above the budgeted figure. The material variance was due to design and specification changes including a considerable increase in the scope of works, as well as inflationary pressures.

The Group's medium-term plans for its properties in Qawra envision two additional ambitious investments that would entail the redevelopment of the lido areas appertaining to Luzzu Complex and Sunny Coast Resort & Spa ("**Qawra Project - Phase 2**"), as well as the demolition and rebuilding of the Sunny Coast Resort & Spa ("**Qawra Project - Phase 3**"). Further information in this regard can be found in Section 6 - 'Major Committed Projects' of this Analysis.

### ***Legal and Arbitration Proceedings***

The Commissioner of Lands has instituted claims against the Group for damages for the alleged illegal occupation of land forming part of Odycy Hotel lido and Sunny Coast Resort & Spa lido, which claims are being contested by the Group. Detailed negotiations were held with the Commissioner of Lands in June and July 2021 to discuss the possibility of reaching an out of court settlement agreement, pursuant to which the Commissioner of Lands would be compensated for past use, and the Group would acquire a long-term title of lease over the contested land.

During the last sitting of the proceedings, it was reported that the contested land had been declassified from public domain status, thus allowing for the conclusion of the transaction. The proceedings have been deferred until March 2024, unless previously settled.

#### **4.1.2 SUNNY COAST RESORT & SPA**

The Sunny Coast Resort & Spa is a 92-room four-star aparthotel situated in Qawra that offers self-catering apartments with resort facilities. In total, it occupies a gross floor area of approximately 6,000 sqm. The property has operated in the vacation ownership market since 1983 but ceased such activity on expiration of the timeshare contracts in December 2021. The Sunny Coast Resort & Spa features a restaurant, indoor and outdoor pools, spa and leisure facilities, as well as a fitness centre. Furthermore, the adjacent lido includes a number of restaurants which are leased to independent third parties, an indoor swimming pool, a spa, an outdoor pool, and other sports facilities which are also leased to third parties.

#### **4.1.3 LUZZU COMPLEX**

The **Luzzu Complex** occupies a gross floor area of circa 2,235 sqm and comprises a seaside restaurant, a beach club, and a recently refurbished conference centre which accommodates up to 300 delegates in theatre style and 450 guests in receptions.

### **4.2 SLIEMA HOTELS**

#### **4.2.1 THE PALACE**

The Palace is a luxurious 144-room five-star city hotel located in a prime location in Sliema that has a strong appeal to business travellers owing to its extensive conference and events facilities. The hotel, which opened its doors for business in 2007, marked AX Group's first investment in the five-star hotel segment. The Palace offers a wide range of facilities to its guests, including five restaurants, an outdoor infinity pool on the rooftop terrace, a freshwater indoor pool, a steam and sauna room, as well as spa, health and fitness centre. The hotel has an underground car park common with The Victoria Hotel. Indeed, the proximity between The Palace and The Victoria Hotel allows both hotels to centralise their management function and share many of their fixed costs with a view of maximising efficiencies and returns.

#### **4.2.2 THE VICTORIA HOTEL**

The Victoria Hotel is a 142-room Victorian-style hotel located in the heart of Sliema. The hotel, which is marketed as a classical five-star experience in a four-star accommodation, opened for business in 1997 and was last refurbished in 2018. The hotel features elegant rooms, outdoor and indoor pools, a steam and sauna room, spa facilities, a health and fitness centre, as well as multi-purpose conference halls. It also houses the Copperfields Restaurant and the Penny Black bar. The hotel has an underground car park accessible from the entrance to The Palace car park which can accommodate up to 108 cars.

The Victoria Hotel also operates part of the adjacent Palazzo Capua which is owned by AX Group.<sup>6</sup> The remaining part of the 200-year-old neoclassic building (i.e., the top floor, penthouse, and basement areas) are expected to be leased to third parties as from FY2024.

<sup>6</sup> Palazzo Capua houses five luxurious guest suites, four of which are on two floors. Furthermore, it serves as an exclusive meetings venue whilst its main hall offers outstanding facilities for receptions and banquets which target both business and social functions.

### 4.3 VALLETTA HOTELS

#### 4.3.1 THE SAINT JOHN

The Saint John is a 19-room boutique hotel located in Merchants Street. Once a former merchant's residence and shop, The Saint John was refashioned into a modern hospitable setting while preserving the building's rich historical fabric. Each of its rooms exude an urban industrial feel with exposed brick and natural materials, combining on-trend style with luxury and the latest in-room technology. The boutique hotel features two private meeting rooms accommodating 16 in-theatre style or eight as a board room which are ideal for the frequent business traveller who needs to make use of desk space in an office-like setting during his stay. The Saint John is also home to the catering establishment Cheeky Monkey Gastropub.

#### 4.3.2 ROSSELLI

AX Group holds Rosselli under the title of temporary emphyteusis subject to an annual ground rent of just under €14,000. The 25-room five-star boutique hotel is one of the most prestigious old palazzos in Valletta. Rosselli is housed in a luxurious property displaying a fusion of traditional and contemporary design complemented by an advanced suite of technology services for guests. Apart from a three-level restaurant with varied cuisine genres – namely Under Grain, Grain, and Over Grain which offer customers refined culinary experiences on each level with Under Grain having been one of the first to have clinched a Michelin Star in Malta – the boutique hotel has a rooftop terrace and swimming pool. Additionally, hotel butler service is available at providing a tailor-made experience for guests staying at Rosselli.

### 4.4 HILLTOP COMPLEX

#### 4.4.1 HILLTOP GARDENS RETIREMENT VILLAGE

The retirement village was Malta's first of its sort. It comprises private residences in the form of one- or two-bedroom self-catering apartments and penthouses which are finished to very high standards surrounded with landscaped gardens and complimentary facilities. The complex also includes a spa, hair salon, swimming pool, restaurant, crafts centre, indoor and outdoor kids play areas, library, common room and hall, chapel, and extensive underground parking facilities. A reception desk and security personnel complement the residences.

Residents may also request certain services that are provided at a charge, including cleaning, repairs, and maintenance of apartments, as well as preparation and delivery of meals. The setup of the residences allows residents to live independently within a secure community knowing that care is at hand should the need arise. The Hilltop Gardens Retirement Village welcomed its first residents in January 2016 and by August 2018, all 133 apartments in the village had been occupied on leases for definite periods ranging from one month to 50 years by individuals who at the time of taking up residence must be over 55 years of age.

Subject to obtaining the necessary development permits, it is the intention of the Group to construct additional residential units intended to be leased in line with the business model of Hilltop Gardens Retirement Village. No specific date has been set for the initiation of this project.

#### 4.4.2 SIMBLIJA CARE HOME

The 153-bed care home provides intensive nursing to the more dependent elderly residents. It also operates the Revive Physiotherapy Centre which has its own fully equipped state-of-the-art hydrotherapy pool; dedicated services and amenities for short term respite care, convalescence, and post-operative recovery; as well as a specialised dementia ward offering support and assistive technology specifically selected and installed for residents with dementia.

### 4.5 VERDALA PROJECT

Following demolition of the Grand Hotel Verdala between August and September 2021, construction works on the Verdala Project commenced in October 2021. The development comprises: (i) a 40-room five-star all-suite **Verdala Hotel** which will also incorporate 23 serviced/self-catering units and a state-of-the-art spa offering tailor-made packages, wellness programmes, and retreats that drive long-term positive change; and (ii) an exclusive residential component made up of a total of 87 units earmarked for resale spread over two blocks (Block A 'Royal Mansions' and Block B 'Grand Mansions') – **Verdala Terraces**. The project also entails the refurbishment to a luxury standard of the 19 existing Virtù Heights residential units that will be annexed to the Verdala Hotel – **Verdala Hotel Annex**.

The 38 residential units within Royal Mansions will overlook the landscaped gardens and public piazzas that encircle the residential complexes, whilst the 49 units making up the Grand Mansions block offer panoramic views of Mdina. Around 2,350 sqm of formerly developed space will be made accessible to the public through the introduction of public piazzas and open spaces. New unparalleled vistas will be enjoyed by the public from Triq San Bastjan and Triq ir-Rghajja, whilst a multi-level communal pyramidal atrium will include all the communal facilities with a view of creating a physical and visual corridor from Triq ir-Rghajja to the ridge views overlooking Malta. By reducing the overall height from the demolished building by almost two storeys, the Verdala Project is being developed in such a way as to blend more harmoniously with the promontory. A system of terraces and voids on the ridge side of the building will mimic the natural forms of the rock strata, whilst the back elevations will have greater solidity to tie into the traditional façade typology found in the surrounding streets.

Civil works on the Verdala Terraces have been completed whilst those on the Verdala Hotel are in progress. The Verdala Hotel is expected to start operating in Q4 2024 (i.e., at the start of the Group's 2025 financial year) and will target a new niche market in luxury wellness hospitality in Malta apart from continue diversifying the Group's hotel products to cater towards new and untapped segments. Primarily as a result of high inflation as well as an increase in professional fees, development, and finishing costs, the total expenditure for the Verdala Project is now expected to be around €70 million compared to the earlier projection of €66 million. Included in this amount is the cost related to the development of Verdala Hotel and the refurbishment of Verdala Hotel Annex which will exceed original estimates by €1.5 million and are now expected to amount to €13 million.

## 5. SEGMENT INFORMATION

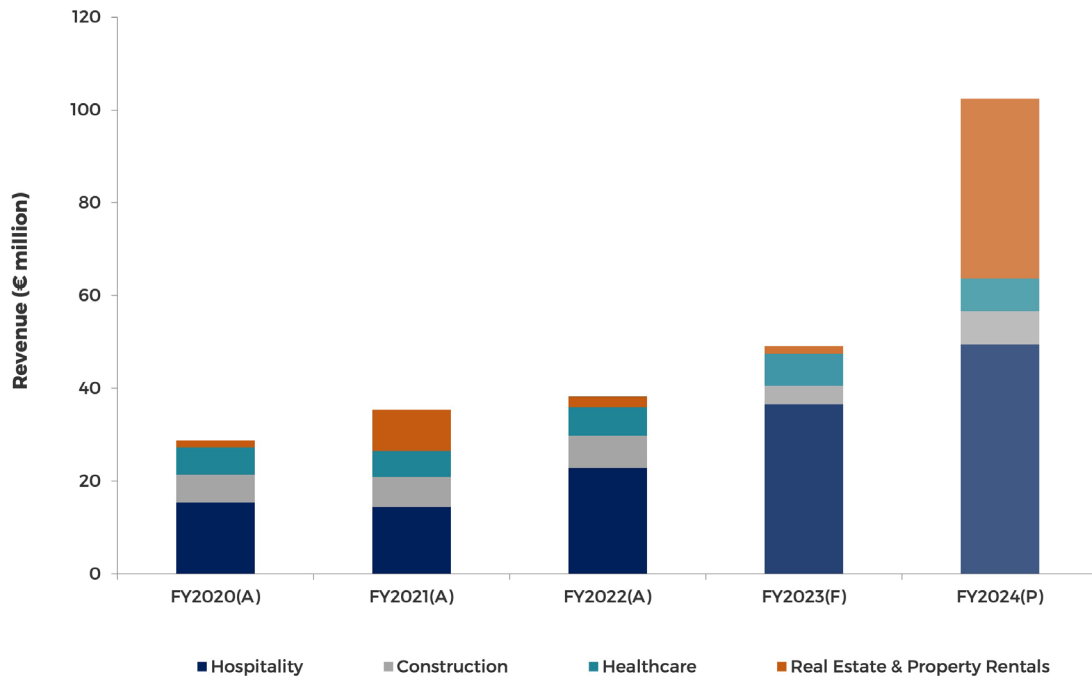
The Group has four principal reportable segments: (i) hospitality; (ii) construction; (iii) healthcare; and (iv) real estate and property rentals.

<b>AX Group p.l.c.</b>					
<b>Segment Information</b>					
<b>For the financial year 31 October</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Forecast</b>	<b>Projection</b>
<b>Revenue (€'000)</b>	<b>29,056</b>	<b>35,806</b>	<b>38,443</b>	<b>50,695</b>	<b>102,933</b>
Hospitality	15,378	14,382	22,793	36,582	49,424
Construction	6,040	6,466	7,025	4,000	7,178
Healthcare	5,877	5,676	6,143	6,854	7,081
Real estate and property rentals	1,421	8,894	2,309	1,734	38,796
Other	340	388	173	1,526	453
<b>Gross operating profit (€'000)</b>	<b>5,787</b>	<b>11,525</b>	<b>10,556</b>	<b>13,186</b>	<b>34,067</b>
Hospitality	3,350	4,885	7,961	10,718	18,775
Construction	586	572	630	527	866
Healthcare <sup>1</sup>	881	1,494	1,471	1,474	1,570
Real estate and property rentals	971	4,574	494	467	12,857
<b>Gross operating profit margin (%)</b>	<b>19.92</b>	<b>32.19</b>	<b>27.46</b>	<b>26.01</b>	<b>33.10</b>
Hospitality	21.78	33.97	34.93	29.30	37.99
Construction	9.70	8.85	8.97	13.17	12.06
Healthcare <sup>1</sup>	14.99	26.32	23.95	21.51	22.16
Real estate and property rentals	68.29	51.43	21.39	26.95	33.14

<sup>1</sup> GOP for the healthcare division is equivalent to the segment's EBITDA.

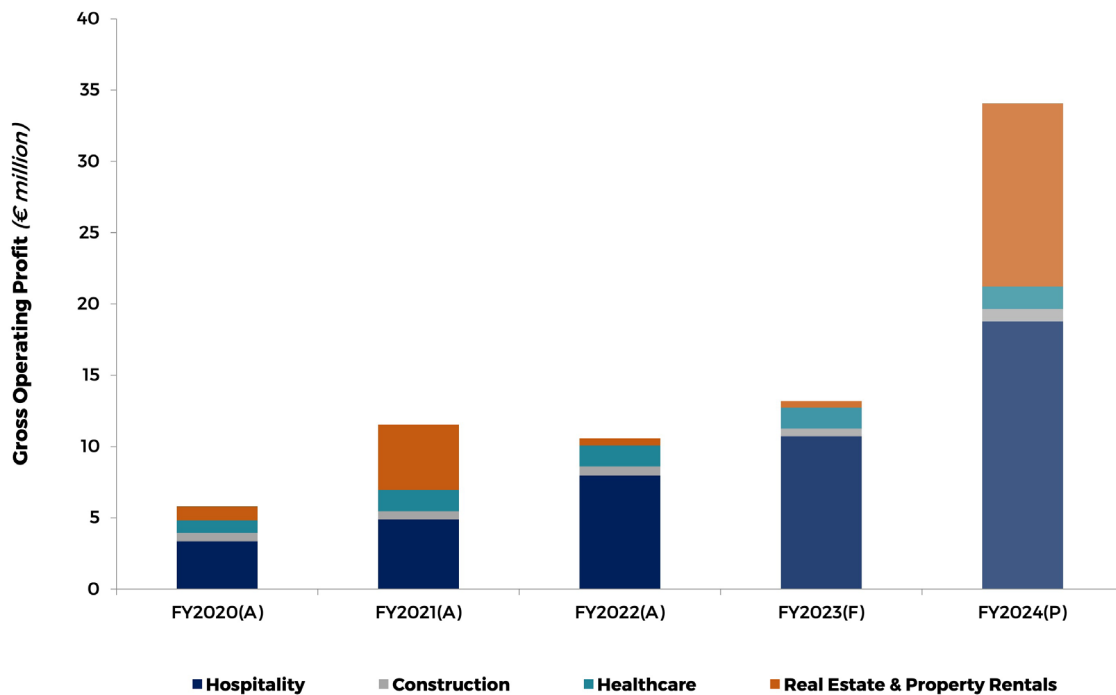
**AX Group plc**  
Segment Revenue

FY2020(A) to FY2024(P)



**AX Group plc**  
Segment Gross Operating Profit

FY2020(A) to FY2024(P)



## 5.1 HOSPITALITY

The hospitality segment operates a portfolio of hotel properties located in Qawra, Sliema, and Valletta. Revenue includes income from accommodation, food and beverage services, as well as other ancillary services.

An important aspect of the Group's strategy for its hotel properties is to be present in strategic locations and in proximity to one other. AX Group believes that this manner of operating hotels in clusters yields various value-adding advantages such as the allocation of single management teams per location, as well as the creation of internal efficiencies through the reduction of overlap in areas such as marketing, maintenance, accounting, and procurement.

<b>AX Group p.l.c.</b>					
<b>Segment Information - Hospitality</b>					
<b>For the financial year 31 October</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Forecast</b>	<b>Projection</b>
<b>Revenue (€'000)</b>	<b>15,378</b>	<b>14,382</b>	<b>22,793</b>	<b>36,582</b>	<b>49,424</b>
Qawra Hotels	7,488	5,786	5,319	16,377	27,674
Sliema Hotels	6,536	7,093	14,242	16,282	17,129
Valletta Hotels	1,355	1,503	3,232	3,923	4,621
<b>Gross operating profit (€'000)</b>	<b>3,350</b>	<b>4,885</b>	<b>7,961</b>	<b>10,718</b>	<b>18,775</b>
Qawra Hotels	1,859	2,006	1,675	4,470	11,208
Sliema Hotels	1,529	2,516	5,663	5,791	6,701
Valletta Hotels	(38)	363	623	456	866
<b>Gross operating profit margin (%)</b>	<b>21.78</b>	<b>33.97</b>	<b>34.93</b>	<b>29.30</b>	<b>37.99</b>
Qawra Hotels	24.83	34.67	31.49	27.30	40.50
Sliema Hotels	23.39	35.47	39.76	35.57	39.12
Valletta Hotels	(2.83)	24.15	19.28	11.63	18.74
<b>Revenue per available room (RevPAR) (€)</b>					
Qawra Hotels	38	40	157	130	110
Sliema Hotels	63	68	136	156	164
Valletta Hotels	84	94	201	244	288
<b>Gross operating profit per available room (GOPAR) (€)</b>					
Qawra Hotels	9	14	49	36	44
Sliema Hotels	15	24	54	55	64
Valletta Hotels	(2)	23	39	28	54

The performance of the Group's hospitality division was severely dented during the COVID-19 pandemic particularly in FY2020 and FY2021. Revenue generated during this period stood at circa 40% of the income reported in FY2019, while gross operating profit ("GOP") was lower by 78% and 68% in FY2020 and FY2021 respectively compared to FY2019.

The first signs of the recovery started to emerge in **FY2022** as total turnover generated by the Group's hotels rebounded by 58.48% to €22.79 million (FY2021: €14.38 million) despite the closure of Odycy Hotel in Q4 FY2021. Revenues generated by the hotels located in Sliema and Valletta doubled to €14.24 million (FY2021: €7.09 million) and €3.23 million (FY2021: €1.50 million) respectively reflecting sharp increases in RevPAR and GOPAR. In contrast, the income generated from the Qawra properties eased by 8.07% to €5.32 million compared to €5.79 million in FY2021, reflecting the temporary closure of Odycy Hotel.

The uplift in business translated into a marked improvement in GOP which surged by 62.97% to €7.96 million (FY2021: €4.89 million). The main contributors were the Sliema Hotels which generated a GOP of €5.66 million (FY2021: €2.52 million). The Valletta Hotels also recorded significant growth in GOP despite their minimal contribution to the overall profitability of the Group's hospitality division. On the other hand, the Qawra Hotels registered a 16.50% decline in GOP to €1.68 million (FY2021: €2.01 million) as despite the considerable growth in RevPAR and GOPAR, the number of available rooms dropped drastically reflecting the temporary close of Odyce Hotel.

**FY2023** will be marked by the further year-on-year recovery in business to a level at par with the activity prior to the COVID-19 pandemic, as well as the reopening of Odyce Hotel which took place in late May 2023. Revenues are now estimated to rise by 60.50% to €36.58 million compared to the previous forecast of €38.81 million as provided in the Financial Analysis Summary dated 28 April 2023 ("**April Analysis**"). The sharpest uplift in income is expected to emanate from the Qawra properties which are anticipated to generate €16.38 million in revenues, although this is lower than the previous forecasted figure of €18.66 million as provided in the April Analysis. The Sliema and Valletta hotels are also expected to register double-digit growth in income to €16.28 million and €3.92 million respectively which are in line with previous estimates.

The Sliema Hotels are again anticipated to be largest GOP contributor to the Group's hospitality division (€5.79 million), followed by Qawra Hotels (€4.47 million), and Valletta Hotels (€0.46 million). Overall, the forecasted segment GOP of €10.72 million (April Analysis: €12.72 million) is anticipated to translate into a margin of 29.30%.

For **FY2024**, segment revenues and GOP are projected to grow markedly to €49.42 million and €18.78 million respectively, driven by the full twelve-month contribution of Odyce Hotel. Indeed, the Qawra Hotels are anticipated to generate €27.67 million in income and a GOP of €11.21 million. Nonetheless, the Sliema and Valletta hotels are also expected to register further growth, albeit to a lesser extent in absolute terms. The overall segment GOP margin is anticipated to increase to just under 38%, reflecting improved efficiencies across all the Group's hotel properties.

## 5.2 CONSTRUCTION

The activities related to construction, building materials, and property management have historically been the second largest business segment of the Group. This division also comprise civil engineering, turnkey assignments, project management, as well as the restoration of buildings. Any related party revenue is eliminated upon consolidation and, as such, is not included in the consolidated information provided in the financial statements.

<b>AX Group p.l.c.</b>					
<b>Segment Information – Construction</b>					
<b>For the financial year 31 October</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Forecast</b>	<b>Projection</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Construction	5,360	5,148	5,241	3,462	5,743
Restoration	680	1,318	1,784	538	1,436
<b>Total Revenue</b>	<b>6,040</b>	<b>6,466</b>	<b>7,025</b>	<b>4,000</b>	<b>7,178</b>
<b>Gross operating profit</b>	<b>586</b>	<b>572</b>	<b>630</b>	<b>527</b>	<b>866</b>
Gross operating profit margin (%)	9.70	8.85	8.97	13.17	12.06

During the historical period under review, turnover increased each year reflecting the growth recorded by the restoration division particularly related to the Senglea bastions and the Maritime Museum in Vittoriosa. In fact, whilst income from construction activity remained stable between **FY2020** and **FY2022**, the contribution from the restoration division almost doubled to €1.32 million in FY2021 (FY2020: €0.68 million) and grew by a further 35.4% to €1.78 million in FY2022.

Overall, the construction division generated a GOP of €0.63 million in FY2022 compared to an amount of just under €0.60 million in the previous two financial years. This level of GOP translated into a margin of 8.97% (FY2021: 8.85%).

For **FY2023**, the construction division is expecting to generate aggregate revenues of €4.00 million which is lower than the previous forecast of €7.04 million due to some delays in third-party contracted works which will now be executed in **FY2024**. As such, the construction division has been focused on the Group's own major projects – i.e., the extension and refurbishment of Odyce Hotel including the redevelopment of the property's lido, as well as the redevelopment of the Verdala Hotel, the refurbishment of the Verdala Hotel Annex, and the construction of Verdala Terraces. On the other

hand, main third-party projects include the restoration of the Oratories of the Jesuits' Church in Valletta, the restoration of the façade of the Valletta Cruise Port, construction works on the St John Co-Cathedral Annex in Valletta, as well as finishes at the KPMG Annex in Gzira. Accordingly, total revenues are anticipated to rebound strong to €7.18 million in FY2024, leading to a GOP of €0.87 million compared to the forecasted figure of €0.53 million for the current financial year ending 31 October 2023.

### 5.3 HEALTHCARE

The healthcare division comprises Hilltop Gardens Retirement Village and Simblija Care Home which together (Hilltop Complex) offer tailor-made packages covering different levels of long and short-term care. Income generated from health care services includes revenue recognised over time on a systematic basis based on the period consumed as a proportion of the total contractual period. Revenue from Hilltop Gardens Retirement Village derive from the self-catering apartments and penthouses that are occupied by tenants for definite periods. On the other hand, income from Simblija Care Home consist of revenue from stays for short term respite care, convalescence, and post-operative recovery, as well as intensive nursing care to the more dependent elderly residents.

<b>AX Group p.l.c.</b>					
<b>Segment Information - Healthcare</b>					
<b>For the financial year 31 October</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Forecast</b>	<b>Projection</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Residences & other income	2,492	2,400	2,796	2,921	2,960
Nursing home	3,385	3,276	3,347	3,933	4,121
<b>Total Revenue</b>	<b>5,877</b>	<b>5,676</b>	<b>6,143</b>	<b>6,854</b>	<b>7,081</b>
Direct costs	(3,119)	(2,765)	(3,414)	(3,769)	(3,852)
Other costs	(1,877)	(1,417)	(1,258)	(1,610)	(1,660)
<b>EBITDA</b>	<b>881</b>	<b>1,494</b>	<b>1,471</b>	<b>1,474</b>	<b>1,570</b>
EBDITA margin (%)	14.99	26.32	23.95	21.51	22.16

The independent units at **Hilltop Gardens Retirement Village** were virtually fully occupied throughout the historic period under review. Although income was stable in FY200 and FY2021, it surged to just under €2.8 million in FY2022 compared to €2.40 million in FY2021 and €2.49 million in FY2020. In FY2023, revenue is expected to grow by 4.47% to €2.92 million, followed by a marginal increase of 1.34% to €2.96 million in FY2024.

The operational performance of **Simblija Care Home** in FY2020 and FY2021 was adversely impacted by the various restrictions and measures imposed by the health authorities to contain the spread of the COVID-19 pandemic. In addition, the nursing home experienced challenges in achieving budgeted occupancy levels.

Although the effects of the COVID-19 pandemic continued to be felt during FY2022, overall occupancy moved closer to pre-pandemic level. Indeed, revenues increased by 2.17% to €3.35 million (FY2021: €3.28 million) and it is expected that for the current financial year ending 31 October 2023, income will grow by 17.51% to €3.93 million. For the 2024 financial year, the Group is anticipating a further 4.78% increase in revenue contribution from Simblija Care Home to €4.12 million.

Total income generated by the healthcare division in FY2022 increased by 8.23% to €6.14 million compared to €5.68 million in the prior financial year. Notwithstanding, EBITDA contracted marginally to €1.47 million (FY2021: €1.49 million) as the Group experienced a marked increase in overheads primarily on account of the impact of high inflation on food costs as well as personnel costs. As a result, the EBITDA margin declined to 23.95% compared to 26.32% in FY2021.

For **FY2023** and **FY2024**, total revenues are anticipated to increase to €6.85 million and €7.08 million respectively. Furthermore, on the back of improved operational efficiencies, EBITDA is expected to reach €1.57 million in FY2024, thus resulting in an EBITDA margin of 22.16%.



## 5.4 REAL ESTATE AND RENTAL INCOME

<b>AX Group p.l.c.</b>					
<b>Segment Information – Real Estate and Property Rentals</b>					
<b>For the financial year 31 October</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Forecast</b>	<b>Projection</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Real estate	750	8,000	1,292	600	37,052
Rental income	671	894	1,017	1,134	1,744
<b>Turnover</b>	<b>1,421</b>	<b>8,894</b>	<b>2,309</b>	<b>1,734</b>	<b>38,796</b>
Gross operating profit	971	4,574	494	467	12,857
Gross operating profit margin (%)	68.29	51.43	21.39	26.93	33.14

Between **FY2020** and **FY2022**, AX Group completed the Targa Gap Complex and the Falcon House projects at a total cost of circa €11.5 million, and either leased or sold all the residential units and commercial/office space that were placed on the market. As a result, income from the sale of property peaked at €8 million in FY2021 (FY2020: €0.75 million) before dropping to €1.29 million in the 2022 financial year. Furthermore, rental income surged by 33.2% to €0.89 million in FY2021 (FY2020: €0.67 million) and increased by a further 13.8% to €1.02 million in FY2022.

Overall, the real estate and property rentals division generated revenues of €12.62 million between FY2020 and FY2022 which filtered into a GOP of €6.04 million.

**FY2023** will be a muted year for this segment as revenues are anticipated to drop by 24.90% to €1.73 million, with a corresponding contraction in GOP to €0.47 million (FY2022: €0.49 million). In contrast, segment income is projected to surge to €37.05 million in **FY2024** on the back of the initial sales of some of the residential units forming part of Verdala Terraces. As a result, segment GOP is projected to increase to €12.86 million which would translate into a GOP margin of 33.14%.

## 6. MAJOR COMMITTED PROJECTS

The following is a list of the Group's major investments for the coming years, excluding the Verdala Project which will be completed in stages culminating in the inauguration of Verdala Hotel in Q4 2024 (i.e., at the start of the Group's 2025 financial year):

<b>Expected Year of Commencement and Completion</b>	<b>Development</b>	<b>Planning Process Status</b>	<b>Approximate Investment</b>
<b>2025 – 2026</b>	<b>Hilltop Gardens Retirement Village</b> - Addition of further units for lease.	- Permit application submitted but is pending approval.	<b>€8 million</b>

### Qawra Project – Phases 2 and 3

As yet to be determined, subject to the Group having the necessary funding and resources.

- Phase 2: Redevelopment of Luzzu Complex and Sunny Coast & Spa lido which will be linked to Odyce Hotel lido.

- Full development permit obtained (PA/05952/21).

- Phase 3: Demolition and rebuilding of Sunny Coast Resort & Spa into a 200-unit aparthotel with new food, beverage, and leisure facilities.

- Outline development permit obtained (PA/05952/21).

- The Group has submitted the relevant application for a full development permit.

€70 million

## 7. MARKET OVERVIEW

### 7.1 ECONOMIC UPDATE <sup>7</sup>

The Maltese economy grew by 7.1% in real terms in 2022, driven by strong private domestic demand and investment as well as the better-than-expected recovery in tourism. Furthermore, the unemployment rate remained low at 3% of the labour supply despite the high level of inflation which stood at 6.1%.

Economic growth is projected to ease to 3.7% in 2023 and stabilise at 3.6% in both 2024 and 2025. Net exports are expected to be the main contributor to growth in 2023 reflecting the projected decrease in imports (following the upsurge of investment equipment in 2022) as well as the growth in exports. The rate of growth in government consumption expenditure is also projected to increase, to 4.2% from 2.4% in 2022, and stabilise near the 4% level in 2024 and 2025. On the other hand, the rate of growth in private consumption expenditure is anticipated to slow to 4.3% from 9.8% in 2022 and remain close to the 4% level in both 2024 and 2025. This slowdown reflects the normalisation of consumer demand following the strong post-pandemic recovery, as well as slower growth in real disposable income due to high inflation. The latter is projected to ease to 5.9% in 2023 and drop further to 3.1% and 2.3% in 2024 and 2025 respectively. In parallel, however, the unemployment rate is projected to remain very low and only increase marginally to 3.1% by 2025.

Despite the upsurge in inflation, pandemic-related savings are expected to remain a catalyst to private consumption. Nevertheless, the saving ratio is envisaged to retreat from 28.8% in 2022 to 26.1% in 2025 which would be close to the level prior to the outbreak of the pandemic.

Investment is projected to decline by 21.9% in 2023 before registering a growth of 1.5% in 2024 and 2.7% in 2025. Private investment is expected to contract by around 26% in 2023, mostly reflecting the extraordinary outlays in the aviation sector in 2022. Furthermore, both residential and non-residential construction are projected to contract in 2022 reflecting a softening in sentiment across this sector. Growth in private investment is projected to stand at 3.5% and 3.1% for 2024 and 2025 respectively.

After dropping by around 8.5% in 2022, government investment is projected to grow by 4.3% in 2023, decline by 7.2% in 2024, and grow again by 0.8% in 2025. These dynamics are partly driven by the expected take up of EU funds, notably the full absorption of funds from the 2014-2020 financing framework by 2023, and the increased take up of the Recovery and Resilience Facility grants in 2023 and 2024. Furthermore, domestically funded investment is set to be lower than the level reached in 2022.

The general government deficit is projected to decline gradually to 3.3% by 2025 from 5.8% in 2022, driven by a declining share of expenditure in GDP mainly due to the profile of inflation-mitigation measures. On the other hand, the general government debt-to-GDP ratio is expected to increase to 54.8% by 2025 from 53.2% in 2022, due to the expected level of primary deficits which are projected to offset the debt-decreasing impact of the interest-growth differential.

### 7.2 HOSPITALITY<sup>8</sup>

In 2022, the number of inbound tourists increased considerably by 136.19% over 2021, reaching 2,286,597 (2021: 968,136 visitors), but still remained almost 17% below 2019 pre-pandemic level (2019: 2,753,239 inbound tourists). In absolute terms, tourists visiting Malta for leisure purposes accounted for most of the year-on-year increase in arrivals although the number of visitors with business and other motives also increased.

The total number of guest nights that tourists spent in Malta during 2022 increased to 16.61 million from 8.39 million a year earlier (+97.96%), but 14.12% less than the level recorded in 2019 (19.34 million guest nights). Guest nights at collective

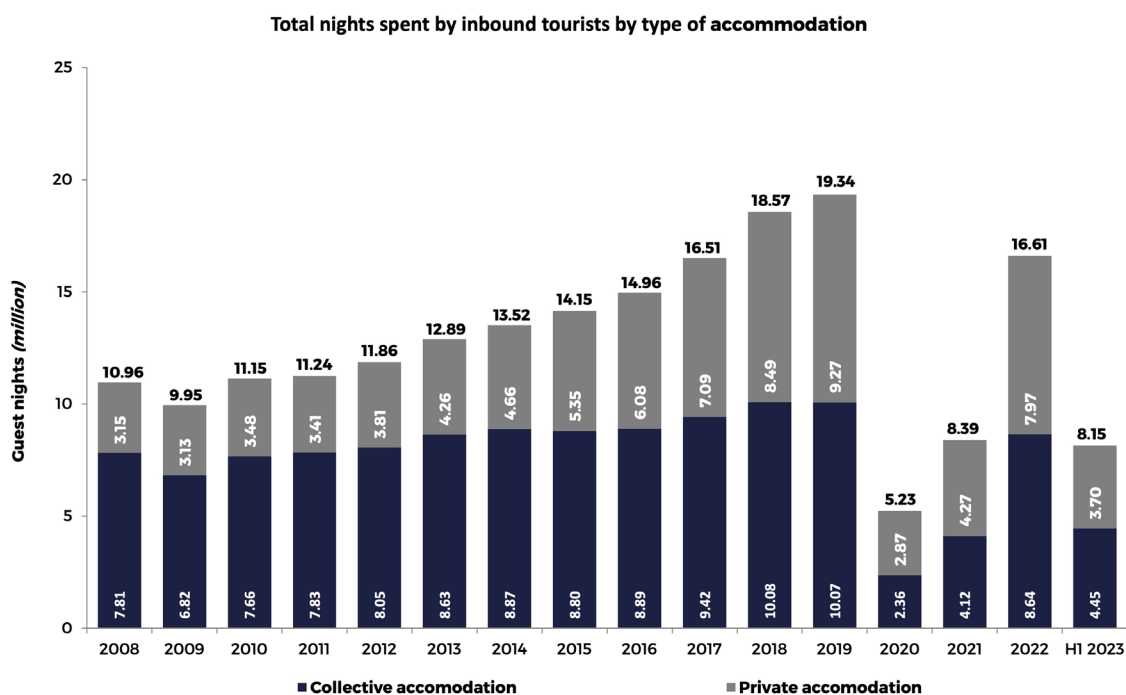
<sup>7</sup> Central Bank of Malta – ‘Outlook for the Maltese Economy’, 24 August 2023.

<sup>8</sup> National Statistics Office Malta.

accommodation made up 52.02% of the aggregate (2021: 49.06%), while rented accommodation (other than collective accommodation) held a near 48% market share (2021: 50.94%).

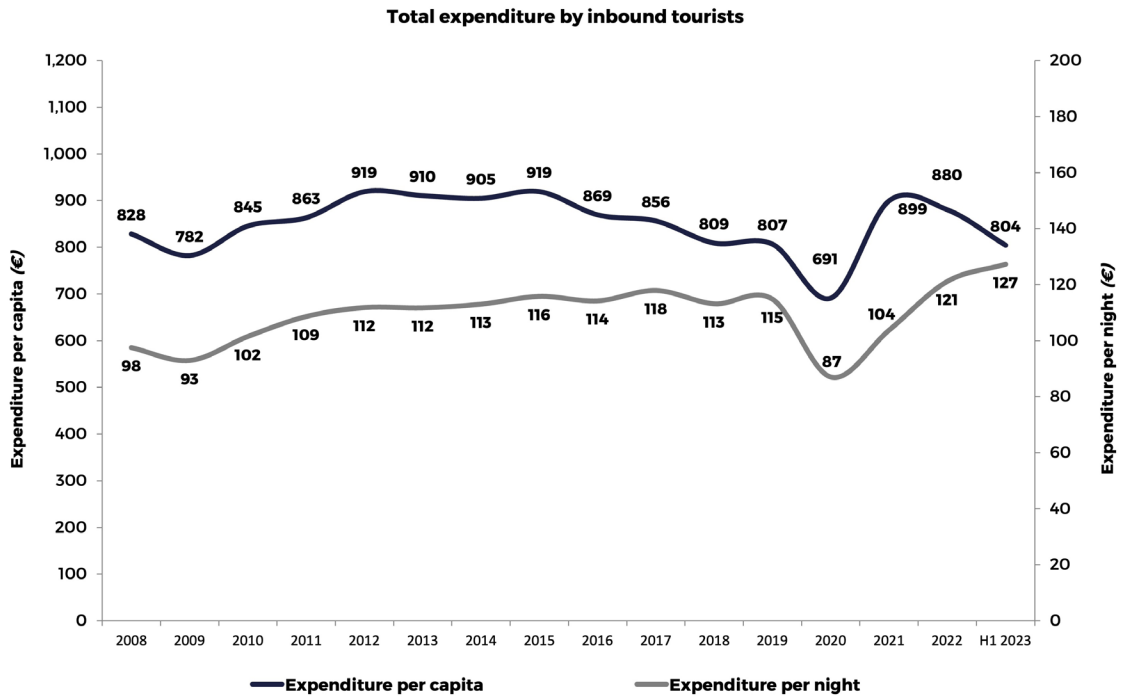
The total occupancy rate in collective accommodation establishments during 2022 rose to 53.3%, from 33.2% a year earlier. However, it remained below that recorded in 2019, when it had reached 65.7%. All categories reported increases in their occupancy rates over 2021, with the 2-star category registering the largest increase – of 24.3 percentage points. This was followed by a rise of 23.0 percentage points in the 4-star category. Meanwhile, the smallest increase – of 13.6 percentage points – was registered in the ‘other’ collective accommodation category. Occupancy rates remained below those prevailing before the pandemic, with the most significant gap recorded among 5-star hotels, while in 2-star establishments the rate has almost converged to that prevailing then.

Tourist expenditure in Malta more than doubled in 2022 to €2,012.54 million compared to the prior year (2021: €870.71 million). Total spending was just 9.37% below the level registered in the corresponding period of 2019. Expenditure per capita decreased by 2.11% from €899 in 2021 to €880 in 2022 (2019: €807), while average length of stay also decreased from 8.7 nights in 2021 to 7.3 nights in 2022 (2019: 7.0 nights).



Source: National Statistics Office Malta

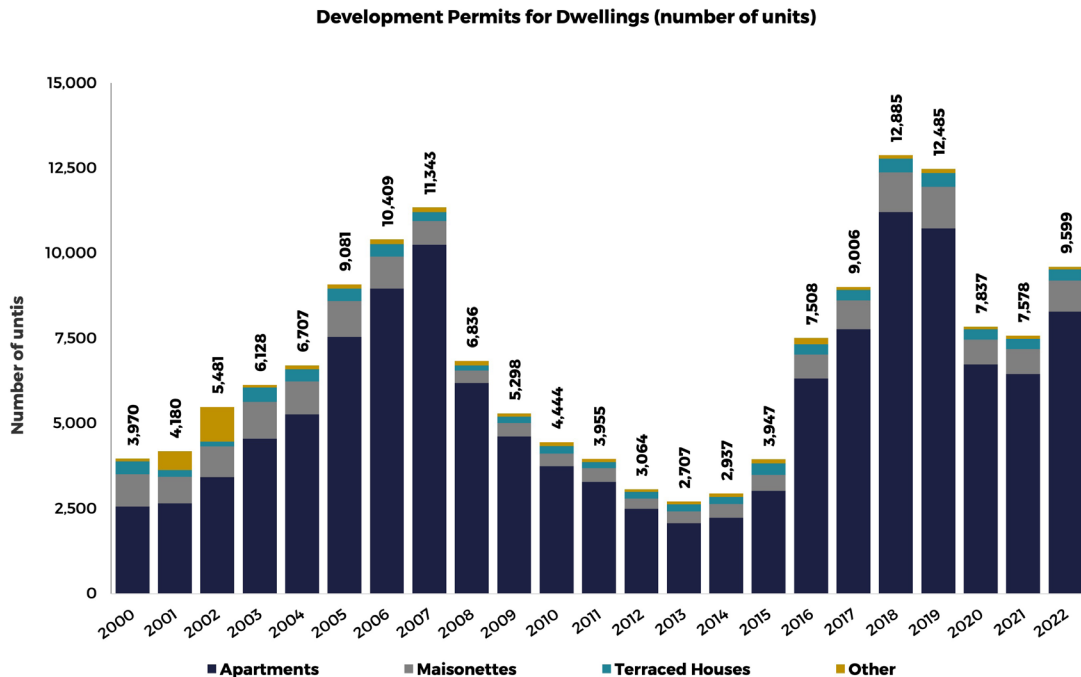
In the first half the 2023, inbound tourists amounted to 1,289,292 – an increase of 43.82% over the same period in 2022. Total nights spent by inbound tourists went up by 35.91% to 8.15 million nights compared to 5.99 million nights in the first half of 2022. Furthermore, total tourist expenditure was estimated at €1,036.8 million – 48.8% higher than that recorded for the corresponding period in 2022. Total expenditure per capita also increased to €804 from €777 in H1 2022, whilst the expenditure per night stood at €127.



Source: National Statistics Office Malta

## 7.3 PROPERTY MARKET

Data provided by the Central Bank of Malta show that the number of residential building permits issued in 2022 amounted to 1,271 permits (2021: 1,633 permits) for the development of 9,599 residential units (2021: 7,578 residential units). As shown in the below chart, the number of units in 2022 (9,599) reflects a decrease of 26% from the all-time high of 12,885 units in 2018.

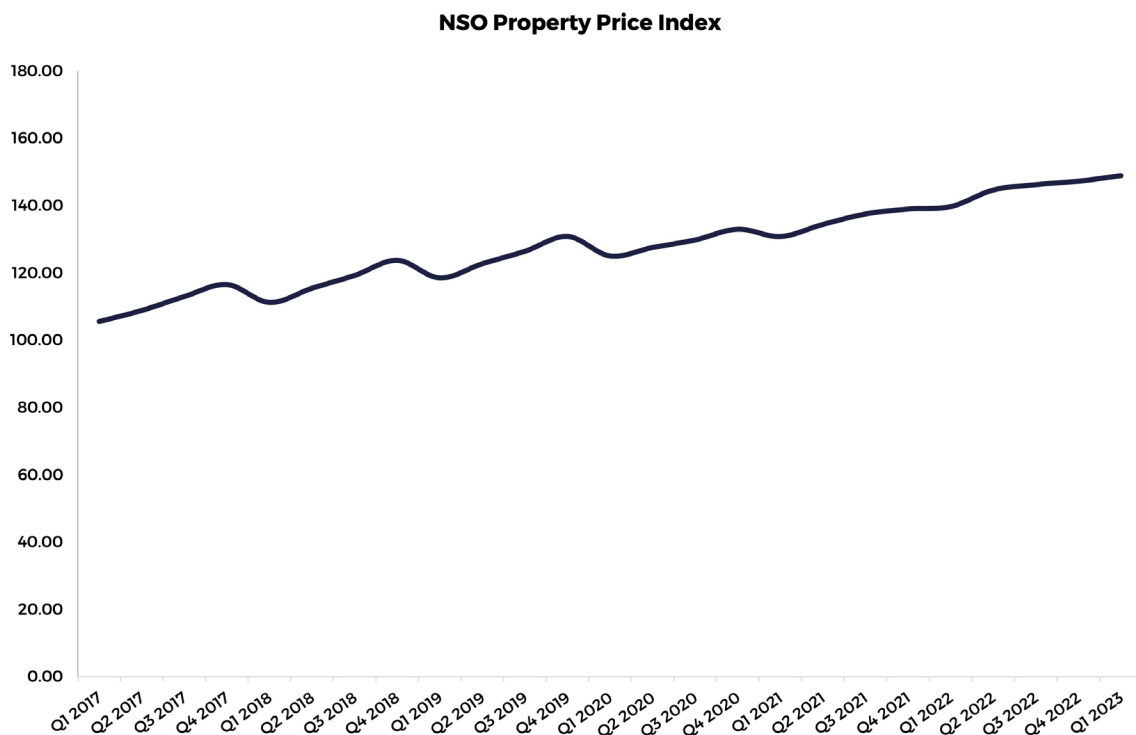


Source: Central Bank of Malta

The NSO's Property Price Index – which is based on actual transactions involving apartments, maisonettes, and terraced houses – continued to show increases in property prices in Malta in Q1 2023. Indeed, the annual rate of change stood at 6.59%, whilst quarter-on-quarter property prices increased by 1.12%. The strongest year-on-year increase was registered for apartments which increased in prices by 6.83%, followed by maisonettes which increased by just under 5.10%.<sup>9</sup>

Residential property prices continue to be supported by a number of factors, including the Government schemes supporting demand for property, such as the first-time and second-time buyers' schemes, the purchase of properties located in Urban Conservation Areas, purchases of property in Gozo, as well as refund schemes for restoration expenses.

The recovery of tourism and normalisation of migrant workers flows from pandemic lows may have also shored up demand for property and contributed to the recent increase in property prices.<sup>10</sup>



Additional data provided by the National Statistics Office shows that between January and July 2023, the total number of final deeds of sale relating to residential property amounted to 7,130 – a decline of 13.49% compared to the previous corresponding period. In 2022, a total of 14,331 deeds of sale were executed compared to 14,368 in 2021 and 11,057 in 2020 (+30%).

The value of deeds completed between January and July 2023 amounted to just under €1,845 million, representing a drop of just 1.85% compared to the same period in 2022. In 2022, the total value of deeds that were executed amounted to €3,294.2 million compared to €3,162 million in 2021 and €2,126.6 million in 2020.<sup>11</sup>

#### 7.4 LONG-TERM CARE

Demand for long-term care in Malta is expected to progressively rise in the coming years as the population ages. The total population of Malta and Gozo at the end of 2022 was estimated at 542,051, an increase of 28% over a 10-year period.<sup>12</sup> Furthermore, the number of persons aged over 60 years was estimated at 125,660, representing around 23% of the total population, and these are projected to increase further over the next 50 years.

Long-term care systems available to elderly persons comprise: (i) informal care through the support of own family; (ii) community care services aimed at enabling the elderly to continue living at home and/or in the community; (iii) long-term care services in state-run institutions; and (iii) long-term care services in facilities operated by the Church and the private sector.

As a result of the projected growth in elderly persons relative to the population, it is envisaged that the demand for care and support services provided to this category of the population will continue to gain importance and further develop in the foreseeable future.

<sup>9</sup> National Statistics Office

<sup>10</sup> Central Bank of Malta Quarterly Review (2023 Vol. 56 No. 1; page 43).

<sup>11</sup> National Statistics Office.

<sup>12</sup> National Statistics Office.

## PART 2 – PERFORMANCE REVIEW

### 8. CONSOLIDATED FINANCIAL INFORMATION

The following financial information is extracted from the audited consolidated annual financial statements of AX Group for the financial years ended 31 October 2020, 31 October 2021, and 31 October 2022.

The projected information is based on future events and assumptions which AX Group believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between projections and actual results may be material.

Moreover, the estimates for the projected financial years assume that the carrying values of the Group's hotels and investment properties will not be revalued upwards or impaired, and therefore no adjustment has been made as to possible uplifts or impairments in value of assets which can materially affect the values in the consolidated income statement and the statement of financial position.

<b>AX Group p.l.c.</b>					
<b>Segment of Total Comprehensive Income</b>					
<b>for the financial year 31 October</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Forecast</b>	<b>Projection</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Revenue	29,056	35,806	38,443	50,695	102,933
Net operating expenses	(26,436)	(26,026)	(31,233)	(40,959)	(73,293)
<b>EBITDA</b>	<b>2,620</b>	<b>6,779</b>	<b>7,220</b>	<b>9,736</b>	<b>29,640</b>
Depreciation	(7,087)	(6,815)	(6,916)	(7,352)	(7,576)
<b>Adjusted operating profit / (loss)</b>	<b>(4,467)</b>	<b>(35)</b>	<b>304</b>	<b>2,384</b>	<b>22,064</b>
Investment property revaluation	-	4,965	1,669	-	-
<b>Operating profit / (loss)</b>	<b>(4,467)</b>	<b>4,929</b>	<b>1,974</b>	<b>2,384</b>	<b>22,064</b>
Share of results of associates and joint venture	(321)	541	849	(127)	892
Net finance costs	(3,442)	(4,016)	(4,125)	(5,246)	(8,737)
<b>Profit / (loss) before tax</b>	<b>(8,230)</b>	<b>1,455</b>	<b>(1,303)</b>	<b>(2,989)</b>	<b>14,219</b>
Taxation	340	473	1,054	(341)	(4,561)
Profit / (loss) after tax	(7,890)	1,928	(249)	(3,330)	9,657
<b>Other comprehensive income</b>					
Gain / (loss) on property revaluation	(14,922)	16,589	(3,587)	-	-
Taxation	1,532	1,581	2,055	-	-
	<b>(13,390)</b>	<b>18,170</b>	<b>(1,532)</b>	-	-
<b>Total comprehensive income / (expense)</b>	<b>(21,280)</b>	<b>20,098</b>	<b>(1,781)</b>	<b>(3,330)</b>	<b>9,657</b>

Key Financial Ratios	FY2020	FY2021	FY2022	FY2023	FY2024
	Actual	Actual	Actual	Forecast	Projection
EBITDA margin (%) <i>(EBITDA / revenue)</i>	9.02	18.93	18.78	19.20	28.80
Operating profit margin (%) <i>(Adjusted operating profit / revenue)</i>	(15.37)	(0.10)	0.79	4.70	21.44
Net profit margin (%) <i>(Profit after tax / revenue)</i>	(27.15)	5.39	(0.65)	(6.57)	9.38
Return on equity (%) <i>(Profit after tax / average equity)</i>	(3.46)	0.85	(0.10)	(1.36)	3.91
Return on assets (%) <i>(Profit after tax / average assets)</i>	(2.25)	0.53	(0.06)	(0.75)	2.07
Return on invested capital (%) <i>(Adjusted operating profit / average equity and net debt)</i>	(1.53)	(0.01)	0.09	0.62	5.36
Interest cover (times) <i>(EBITDA / net finance costs)</i>	0.76	1.69	1.75	1.86	3.39

In **FY2020**, total revenues decreased by €23.16 million to €29.06 million (FY2019: €52.22 million) reflecting the adverse impact of the COVID-19 pandemic on the Group's hospitality, entertainment, and leisure operations. In contrast, revenue generated from construction increased by €1.18 million to €6.04 million (FY2019: €4.86 million) whilst the Group also generated €0.75 million from the sale of property (FY2019: nil). Income from the healthcare division was broadly unchanged at €5.88 million when compared to the prior financial year (€5.68 million).

As a result of the sharp contraction in tourism and leisure activity, EBITDA decreased by €14.02 million to €2.62 million (FY2019: €16.64 million). After accounting for depreciation charges of €7.09 million (FY2019: €6.58 million), net finance costs of €3.44 million (FY2019: €3.00 million) and the share of loss of €0.32 million from associates and joint venture, the Group registered a loss before tax of €8.23 million compared to a profit of €6.39 million in FY2019.

The loss after tax amounted to €7.89 million compared to a profit of €4.56 million in FY2019. During FY2020, the Group reversed €14.92 million of revaluation surplus on land and buildings (net of deferred tax amounted to €13.39 million). Thus, the total comprehensive expense in FY2020 amounted to €21.28 million compared to a total comprehensive income of €21.84 million in FY2019.

In FY2020, the EBITDA margin declined to 9.02% (FY2019: 31.86%) whilst the interest cover stood at 0.76 times compared to 5.55 times in FY2019.

In **FY2021**, total revenues rebounded by 23.23% (or +€6.75 million) to €35.81 million primarily on the back of the income generated from the sale of the residential units at Targa Gap Complex and Falcon House.

Malta's rapid vaccination programme launched in May 2021 led to the gradual easing of a number of COVID-19 related restrictions which benefitted the operations of the Group's hospitality division. As a result, this segment experienced a steady improvement in performance particularly during the summer months. Nonetheless, revenue generated from hospitality for the full year decreased by just under €1.0 million to €14.38 million compared to €15.38 million in FY2020.

Group EBITDA improved considerably and amounted to €6.78 million which translated into a margin of 18.93%. Furthermore, although net finance costs increased by 16.68% to €4.02 million, in view of the upsurge in EBITDA, the interest cover improved to 1.69 times. Meanwhile, as the Group recorded an uplift of €4.97 million in the fair value of its investment property, coupled with the contribution of €0.54 million from associates and joint venture, AX Group reported a pre-tax profit of €1.46 million and a net profit €1.93 million. The total comprehensive income for the year amounted to €20.10 million and was boosted by gains of €16.59 million on property revaluations.

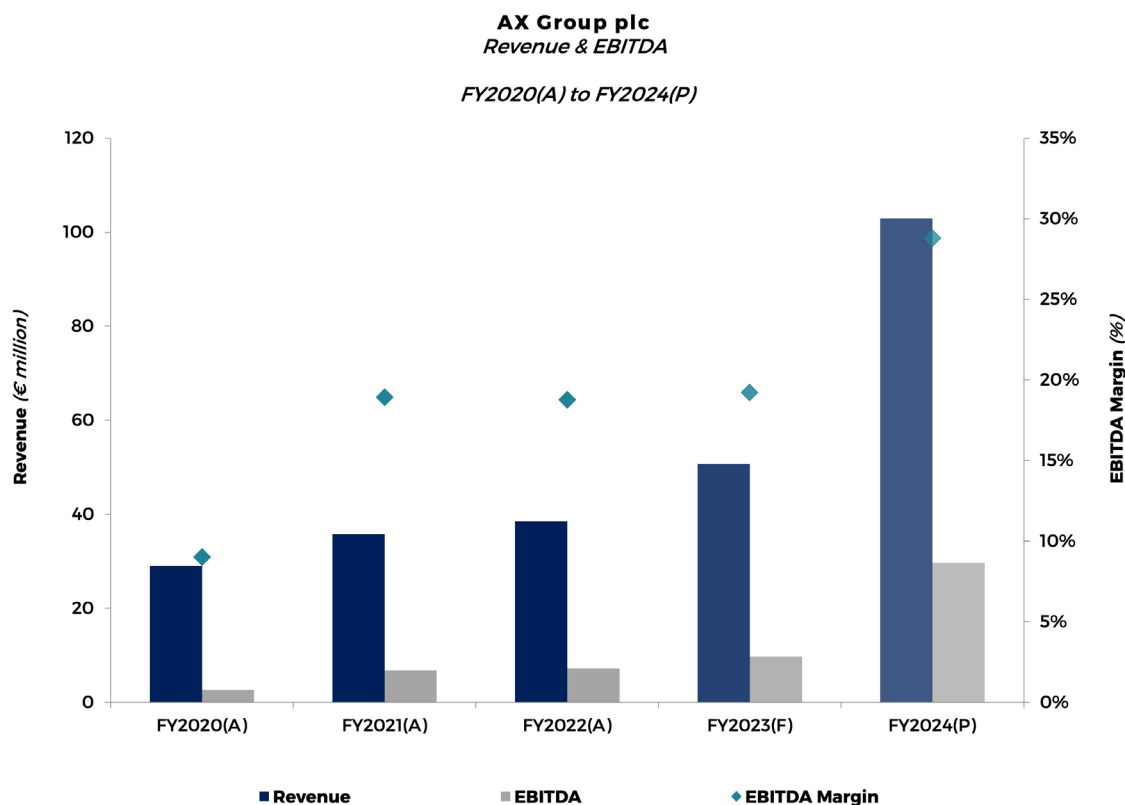
In **FY2022**, total revenues increased by 7.36% to €38.44 million largely reflecting the encouraging rebound in tourism throughout the year despite the sharp rise in the number of cases related to the Omicron variant which peaked in late 2021 and early 2022. Indeed, revenues from the hospitality division surged by 58.48% to €22.79 million. Furthermore, the Group recorded higher revenues from its healthcare and construction divisions to €6.14 million (FY2021: €5.68 million) and €7.03 million (FY2021: €6.47 million) respectively. In contrast, the real estate and property rentals division recorded a considerable drop in revenues to €2.31 million (FY2021: €8.89 million) in view of the material one-time property sales accounted for in the 2021 financial year.

The EBITDA of €7.22 million translated into a margin of 18.78% whilst the interest cover improved to 1.75 times. Nonetheless, the Group still recorded a pre-tax loss of €1.30 million as the increase in EBITDA and the higher contribution from associates and joint venture which amounted to €0.85 million were dented by the marginal increase in depreciation charges to €4.13 million and the lower amount of fair value gains when compared to the prior year. Overall, AX Group posted a net loss of €0.25 million and a total comprehensive expense of €1.78 million.

For **FY2023**, AX Group is now anticipating total revenues to increase by 31.87% to €50.70 million (April Analysis: €55.00 million) reflecting the further recovery in tourism as well as the circa five-month contribution from Odycy Hotel which reopened for business in late May 2023. Moreover, despite the adverse impact of high inflation on costs and operating efficiencies, AX Group is expecting EBITDA to grow by 34.85% to €9.74 million (April Analysis: €11.55 million), thus leading to an improved EBITDA margin of 19.20% when compared to FY2022. Likewise, the Group is forecasting a material increase in adjusted operating profit to €2.38 million (April Analysis: €3.06 million) compared to just €0.30 million in FY2022.

Despite the strong rebound in business activity, the Group is forecasting a loss before tax of €2.99 million (April Analysis: €1.93 million). The improvement in operational performance is expected to be undermined by the higher level of depreciation charges (+6.30% to €7.35 million) reflecting the significant capital expenditure on Odycy Hotel, as well as the 27.18% increase in net finance costs to €5.25 million. However, in view of the stronger increase in EBITDA, the interest cover is anticipated to increase to 1.86 times. Overall, AX Group is projecting a net loss for the year of €3.33 million (April Analysis €2.70 million).

For the **2024** financial year, AX Group is anticipating revenues to more than double to €102.93 million, on the back of the full twelve-month contribution from Odycy Hotel, the further strengthening of the performance of the Group's other hotel properties, as well as the income from the sale of the first residential units at the Verdala Terraces. In fact, the hospitality division is projected to generate €49.42 million in revenues (revised forecast for FY2023: €36.58 million) whilst the real estate and property rentals division is anticipating total income of €38.80 million (revised forecast for FY2023: €1.73 million). Meanwhile, the two other principal segments of the Group, namely construction and healthcare, are also projecting an improved performance with a combined contribution of €14.26 million compared to the forecasted figure of €10.85 million for the 2023 financial year.





In view of the remarkable increase in revenues, EBITDA is anticipated to surge to €29.64 million which would translate into a margin of 28.80%. Likewise, interest cover is projected to rise to 3.39 times despite the notable increase in net finance costs to €8.74 million. Meanwhile, the estimated operating profit of €22.06 million would translate into a margin of 21.44% (revised FY2023 forecast: 4.70%) and a return on invested capital of 5.36% (revised FY2023 forecast: 0.62%).

After accounting for the share of results of associates and joint venture amounting to €0.89 million and tax charges of €4.56 million, AX Group is projecting a net profit and total comprehensive income of €9.66 million for the 2024 financial year. This would translate into a return on equity of 3.91% and a return on assets of 2.07%.

<b>AX Group p.l.c.</b>					
<b>Statement of Cash Flows</b>					
<b>for the financial year 31 October</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Forecast</b>	<b>Projection</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Net cash from / (used in) operating activities	(588)	2,959	(4,489)	6,166	39,478
Net cash from / (used in) investing activities	(20,653)	(6,725)	(32,363)	(65,769)	(32,544)
Net cash from / (used in) financing activities	19,500	7,644	42,719	52,475	(11,033)
<b>Net movement in cash and cash equivalents</b>	<b>(1,741)</b>	<b>3,878</b>	<b>5,867</b>	<b>(7,128)</b>	<b>(4,099)</b>
Cash and cash equivalents at beginning of year	1,575	(166)	3,712	9,579	2,450
<b>Cash and cash equivalents at end of year</b>	<b>(166)</b>	<b>3,712</b>	<b>9,579</b>	<b>2,450</b>	<b>(1,648)</b>
<i>Investing activities:</i>					
Purchase of PPE	4,312	4,910	31,326	46,264	892
Acquisition of investment property	16,342	1,815	1,036	6,114	(8,737)
Inventory - Verdala Terraces	-	-	-	13,391	20,247
<b>Free cash flow</b>	<b>(21,241)</b>	<b>(3,766)</b>	<b>(36,852)</b>	<b>(59,603)</b>	<b>6,934</b>

In **FY2021**, net cash from operating activities amounted to €2.96 million compared to a negative €0.59 million in the prior year, on account of an increase in operational activities particularly from the real estate and property rentals division. Furthermore, the Group's cash flows benefitted from lower outflows related to investing activities (€6.73 million compared to €20.65 million in FY2020) albeit AX Group only raised €7.64 million in relation to its financing activities compared to €19.50 million in the prior year. Overall, the Group's cash position improved from negative €0.17 million as at the end of FY2020 to a positive balance of €3.71 million as at 31 October 2021.

In **FY2022**, the Group used €4.49 million in cash flows for its operating activities largely reflecting the material negative movement in inventories which offset the favourable movement in trade and other payables. However, as AX Group raised €42.72 million from its financing activities which outweighed the outflows of €32.36 million in relation to its investing activities, the Group ended the 2022 financial year with a higher cash balance of €9.58 million.

For **FY2023**, AX Group is now forecasting an aggregate negative movement in cash and cash equivalents of €7.13 million (FY2022: positive €5.87 million) as the substantial amount of cash to be used in investing activities (€65.77 million) largely relating to the Qawra and Verdala projects is expected to outweigh the inflows from operating activities (€6.17 million) and financing activities (€52.48 million). As a result, the Group is anticipating ending the 2023 financial year with a cash balance of €2.45 million which is expected to drop further to negative €1.65 million by the end of **FY2024**. Indeed, despite the material projected increase in cash generated from operating activities in FY2024 to €39.48 million, the Group's cash flows are anticipated to be adversely impacted by the combined negative cash movements of €43.58 million in relation to its investing and financing activities.

<b>AX Group p.l.c.</b>					
<b>Statement of Financial Position</b>					
<b>for the financial year 31 October</b>					
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Forecast</b>	<b>Projection</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant & equipment	250,055	268,546	281,437	327,157	331,769
Investment property	75,646	48,446	57,887	61,625	62,733
Inventories	-	23,195	37,023	48,617	45,862
Investments in associates, joint venture, & other non-current assets	6,512	9,132	10,014	10,381	10,423
	<b>332,213</b>	<b>349,319</b>	<b>386,361</b>	<b>447,780</b>	<b>450,788</b>
<b>Current assets</b>					
Inventories	4,968	3,510	3,506	3,674	3,733
Trade & other current assets	9,289	11,072	19,011	12,335	12,968
Investment property held for sale	-	4,286	-	-	-
Cash at bank and in hand	2,187	5,912	13,881	2,450	-
	<b>16,444</b>	<b>24,780</b>	<b>36,398</b>	<b>18,459</b>	<b>16,701</b>
<b>Total assets</b>	<b>348,657</b>	<b>374,099</b>	<b>422,759</b>	<b>466,240</b>	<b>467,489</b>
<b>EQUITY</b>					
Share capital	1,165	1,165	1,165	1,165	1,165
Reserves	186,507	210,041	209,429	209,429	209,429
Retained earnings	28,765	25,224	24,317	19,548	27,684
Non-controlling interest	1,012	713	13,312	13,040	13,065
	<b>217,449</b>	<b>237,143</b>	<b>248,223</b>	<b>243,181</b>	<b>251,342</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Debt securities	63,857	63,956	82,424	84,615	84,783
Bank borrowings	7,192	14,939	27,126	77,523	63,577
Trade & other payables	13,903	13,300	13,039	12,384	11,339
Deferred tax liabilities	24,695	22,286	19,745	19,745	19,745
	<b>109,647</b>	<b>114,481</b>	<b>142,334</b>	<b>194,267</b>	<b>179,443</b>
<b>Current liabilities</b>					
Debt securities	2,320	2,317	2,798	1,304	1,304
Bank borrowings	5,376	6,474	7,976	6,208	11,266
Trade & other payables	13,865	13,685	21,428	21,280	24,134
	<b>21,561</b>	<b>22,476</b>	<b>32,202</b>	<b>28,792</b>	<b>36,704</b>
<b>Total liabilities</b>	<b>131,208</b>	<b>136,957</b>	<b>174,537</b>	<b>223,058</b>	<b>216,147</b>
<b>Total equity and liabilities</b>	<b>348,657</b>	<b>374,099</b>	<b>422,759</b>	<b>466,240</b>	<b>467,489</b>
<i>Total debt</i>	<i>78,745</i>	<i>87,686</i>	<i>120,324</i>	<i>169,650</i>	<i>160,930</i>

Net debt	76,558	81,774	106,443	167,199	160,930
Invested capital (total equity plus net debt)	294,007	318,917	354,666	410,381	412,272

Key Financial Ratios	FY2020	FY2021	FY2022	FY2023	FY2024
	Actual	Actual	Actual	Forecast	Projection
Net debt-to-EBITDA (times) <i>(Net debt / EBITDA)</i>	29.22	12.06	14.74	17.17	5.43
Net debt-to-equity (times) <i>(Net debt / total equity)</i>	0.35	0.34	0.43	0.69	0.64
Net gearing (%) <i>(Net debt / net debt and total equity)</i>	26.04	25.64	30.01	40.74	39.03
Debt-to-asset (times) <i>(Total debt / total assets)</i>	0.23	0.23	0.28	0.36	0.34
Leverage (times) <i>(Total assets / total equity)</i>	1.60	1.58	1.70	1.92	1.86
Current ratio (times) <i>(Current assets / current liabilities)</i>	0.76	1.10	1.13	0.64	0.46

Total assets stood at €374.10 million as at 31 October **2021**, of which €346.49 million comprised property assets as described in Section 4 - 'Principal Property Assets' of this Analysis. During the year, the net carrying value of properties was increased by €21.6 million compared to the impairment charge of €14.9 million that was accounted for in FY2020. The portion of the Verdala site that is currently being redeveloped into the Verdala Terraces was reclassified from investment property to non-current inventories.

Elsewhere, trade and other current assets increased from €9.29 million as at 31 October 2020 to €11.07 million due to an increase in operating activities within the hospitality division as well as an increase in accrued income emanating from the construction division. Investment property held for sale amounted to €4.29 million and related to the previous head office of the Group situated in Lija (AX House).

Total liabilities increased by €5.75 million to €136.96 million in FY2021 compared to the balance of €131.21 million as at 31 October 2020. During the year, bank borrowings increased by €8.85 million to €21.41 million (31 October 2020: €12.57 million) while deferred tax liabilities decreased by €2.41 million to €22.29 million due to an increase in deferred tax assets on unutilised capital allowances and tax losses which were partly offset by an increase in deferred tax liabilities on revaluation of properties.

All the principal debt ratios remained virtually unchanged year-on-year, except for the net debt-to-EBITDA multiple which dropped to 12.06 times (FY2020: 29.22 times) reflecting the partial rebound from the material negative impact of the COVID-19 pandemic on the Group's profitability. On the other hand, the current ratio improved from 0.76 times in FY2020 to 1.10 times in FY2021 on account of an increase in trade receivables and cash balances.

Total equity stood at €237.14 million as at 31 October 2021 compared to €217.45 million as at the end of FY2020. The year-on-year increase was principally due to the material gain on property revaluation recorded throughout the year which positively impacted the total comprehensive income of the Group.

During **FY2022**, total assets increased by 13.01% to €422.76 million largely reflecting higher levels of property, plant, and equipment ("**PPE**") (+4.80% to €281.44 million); investment property (+19.49% to €57.89 million); inventories (+59.62% to €37.02 million); and trade and other current assets (+71.70% to €19.01 million). During the year, the Group continued with the execution of two major projects - i.e., Qawra Project Phase 1 and the Verdala Project - and also pursued the renovation of Palazzo Lucia apart from concluding the acquisition of La Ferla building in Sliema.

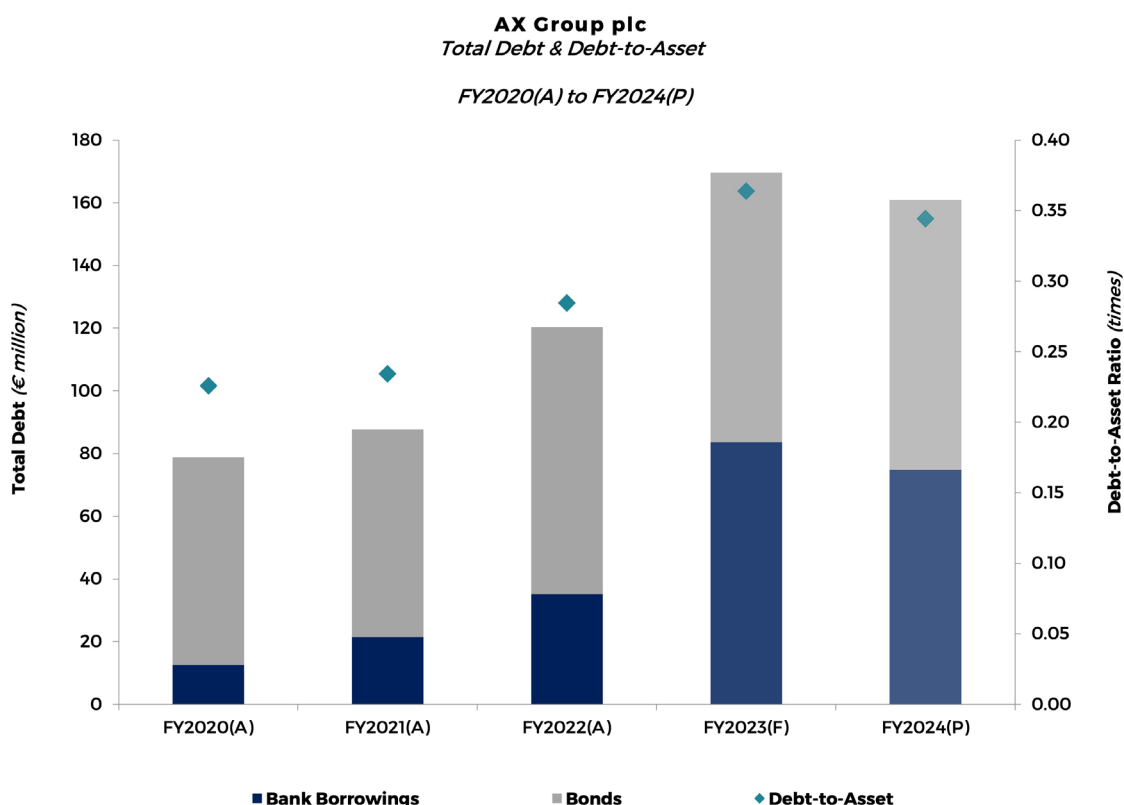
Total liabilities also increased markedly to €174.54 million mainly on the back of the higher level of debt which grew by

37.22% (or +€32.64 million) to €120.32 million (31 October 2021: €87.69 million). Despite the further expansion in the Group's equity base to €248.22 million (+4.67%), the net gearing ratio climbed to just over 30% whilst the net debt-to-equity and debt-to-asset ratios increased to 0.43 times and 0.28 times respectively from 0.34 times and 0.23 times as at the end of FY2021. Furthermore, the net debt-to-EBITDA multiple rose to 14.74 times despite the 6.51% increase in EBITDA generated during the year.

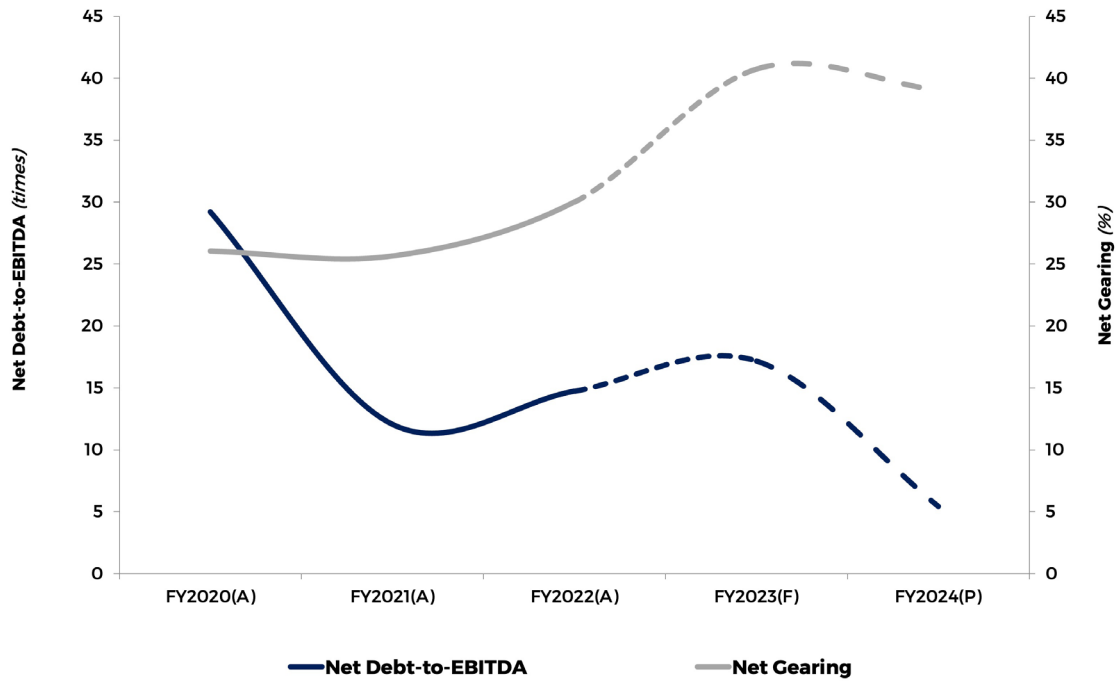
Total assets are expected to increase by 10.29% to €466.24 million during the current financial year ending 31 October **2023**, reflected by the forecasted year-on-year increase in the value of PPE, investment property, and inventories which will outweigh the drop in the value of cash and trade and other current assets.

Total liabilities are estimated to increase by 27.80% to €223.06 million, reflecting the higher level of debt (+€49.33 million to €169.65 million) taken on for the purpose of supporting the Group's investments in Odycy Hotel and the Verdala project. Coupled with the forecasted 2.03% drop in equity to €243.18 million, all the Group's credit ratios are anticipated to deteriorate including the net debt-to-EBITDA multiple which is expected to increase to 17.17 times.

**FY2024** is projected to be a year of consolidation for the Group reflecting the full twelve-month contribution from Odycy Hotel as well as the proceeds from the initial sale of some of the units within Verdala Terraces. As such, the Group is estimating marginal movements in total assets (+0.27% to €467.49 million) and total liabilities (-3.10% to €216.15 million), with the latter largely reflecting the projected contraction in total debt to €160.93 million. Coupled with the anticipated strengthening of the Group's equity base to €251.34 million (reflecting the projected profits to be registered by the Group), all the Group's debt ratios are projected to improve. In fact, the net gearing ratio is estimated to decline to just above 39% from the forecasted level of 40.74% as at the end of FY2023, whilst the debt-to-asset ratio is anticipated to ease slightly to 0.34 times (31 October 2023 forecast: 0.36 times). Nonetheless, the sharpest year-on-year change is projected to be in the net debt-to-EBITDA multiple whereby this is expected to fall considerably to 5.43 times on the back of the improved financial position of the Group as well as the boost in profitability resulting from the full year contribution from Odycy Hotel and the profits to be made on the sale of some of the units forming part of Verdala Terraces.



**AX Group plc**  
**Net Debt-to-EBITDA & Net Gearing**  
**FY2020(A) to FY2024(P)**

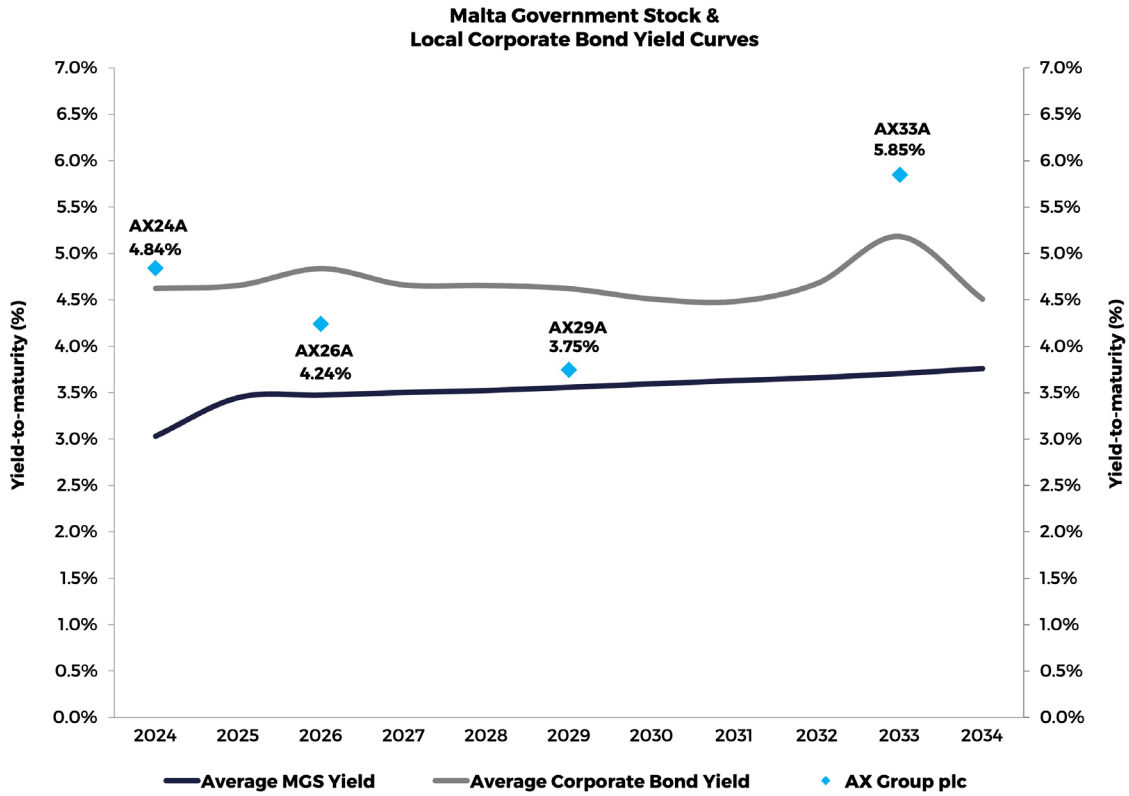


**9. LISTED SECURITIES**

Security ISIN	Shares in Issue	Listing Date	Symbol Code	Security
MT0002670100	97,193,600	15/02/2022	AXR	AX Real Estate plc Ordinary Shares 'A'
Security ISIN	Outstanding Amount in Issue		Symbol Code	Security
MT0000081233	€40,000,000	17/03/2014	AX24A	6.00% AX Investments plc Unsecured Bonds 2024
MT0002361203	€15,000,000	19/12/2019	AX26A	3.25% AX Group plc Unsecured Bonds 2026 Series I
MT0002361211	€10,000,000	19/12/2019	AX29A	3.75% AX Group plc Unsecured Bonds 2029 Series II
MT0002571215	€40,000,000	15/02/2022	AX32A	3.50% AX Real Estate plc Unsecured Bonds 2032
	<b>€105,000,000</b>			

### PART 3 – COMPARATIVE ANALYSIS

The table overleaf provides a comparison between the Group and its bonds with other debt issuers listed on the Malta Stock Exchange and their respective debt securities. Although there are significant variances between the activities of AX Group and other issuers (including different industries, principal markets, competition, capital requirements etc.), and material differences between the risks associated with the Group’s business and that of other issuers, the comparative analysis serves as an indication of the financial strength and creditworthiness of the Group.



The **6.00% AX Investments plc unsecured and guaranteed bonds 2024** had a yield-to-maturity (“YTM”) of 4.84% as at 31 August 2023, which was 22 basis points higher than the average YTM of 4.62% of other local corporate bonds maturing in the same year. The premium over the corresponding Malta Government Stock yield of equivalent maturity stood at 181 basis points.

The **3.25% AX Group plc unsecured bonds 2026 Series I** had a YTM of 4.24% as at 31 August 2023, which was 60 basis points lower than the average YTM of 4.84% of other local corporate bonds maturing in the same year. The premium over the corresponding Malta Government Stock yield of equivalent maturity stood at 77 basis points.

The **3.75% AX Group plc unsecured bonds 2029 Series II** had a YTM of 3.75% as at 31 August 2023, which was 88 basis points lower than the average YTM of 4.62% of other local corporate bonds maturing in the same year. The premium over the corresponding Malta Government Stock yield of equivalent maturity stood at 19 basis points.

The new **5.85% AX Group plc unsecured bonds 2033** have been priced at 67 basis points above the average YTM of 5.18% of other local corporate bonds maturing in the same year. The premium over the corresponding Malta Government Stock yield of equivalent maturity as at 31 August 2023 is 214 basis points.

Comparative Analysis*	Amount Issued	Yield-to-Maturity	Interest Cover	Net Debt-to-EBITDA	Net Gearing	Debt-to-Assets
	(€'000)	(%)	(times)	(times)	(%)	(times)
6.00% AX Investments plc Unsecured & Guaranteed 2024	40,000	4.84	1.75	14.74	30.01	0.28
6.00% International Hotel Investments plc Unsecured 2024	35,000	3.73	1.87	11.42	41.92	0.40
5.30% Mariner Finance plc Unsecured 2024	17,684	5.29	4.72	5.95	49.91	0.49
5.00% Hal Mann Vella Group plc Secured 2024	30,000	4.88	2.42	9.45	51.80	0.44
5.10% 1923 Investments plc Unsecured 2024	36,000	5.07	4.81	2.94	47.79	0.40
4.25% Best Deal Properties Holding plc Secured & Guaranteed 2024	6,365	3.58	13.29	4.71	63.61	0.65
5.75% International Hotel Investments plc Unsecured 2025	45,000	5.10	1.87	11.42	41.92	0.40
5.10% 6PM Holdings plc Unsecured 2025	13,000	5.09	10.95	0.38	11.16	0.17
4.50% Hili Properties plc Unsecured & Guaranteed 2025	37,000	4.49	1.80	12.53	45.87	0.46
3.70% Gap Group plc Secured & Guaranteed 2023/2025	12,308	3.69	33.21	4.85	56.20	0.69
4.35% Hudson Malta plc Unsecured & Guaranteed 2026	12,000	4.34	6.11	4.89	71.67	0.57
4.25% CPHCL Finance plc Unsecured & Guaranteed 2026	40,000	4.24	1.66	12.42	42.45	0.40
4.00% International Hotel Investments plc Secured 2026	55,000	4.18	1.87	11.42	41.92	0.40
5.00% Dizz Finance plc Unsecured & Guaranteed 2026	8,000	4.78	1.91	10.70	79.93	0.59
3.75% Premier Capital plc Unsecured 2026	65,000	5.11	11.25	2.09	61.67	0.56
4.00% International Hotel Investments plc Unsecured 2026	60,000	5.35	1.87	11.42	41.92	0.40
3.25% AX Group plc Unsecured 2026	15,000	4.24	1.75	14.74	30.01	0.28
3.90% Gap Group plc Secured & Guaranteed 2024/2026	21,000	4.22	33.21	4.85	56.20	0.69
4.00% Hili Finance Company plc Unsecured & Guaranteed 2027	50,000	4.62	4.64	4.84	69.79	0.63
4.35% SD Finance plc Unsecured & Guaranteed 2027	65,000	4.80	4.68	1.74	22.08	0.26
4.00% Eden Finance plc Unsecured & Guaranteed 2027	40,000	5.54	4.24	5.37	25.33	0.23
5.25% Mediterranean Investments Holding plc Unsecured & Guaranteed 2027	30,000	5.24	3.79	3.30	22.75	0.21
4.00% Stivala Group Finance plc Secured & Guaranteed 2027	45,000	4.00	5.61	4.81	28.97	0.26
4.75% Best Deal Properties Holding Plc Secured & Guaranteed 2025/2027	15,000	4.55	13.29	4.71	63.61	0.65
4.75% Gap Group plc Secured & Guaranteed 2025/2027	23,000	4.49	33.21	4.85	56.20	0.69
3.85% Hili Finance Company plc Unsecured & Guaranteed 2028	40,000	4.78	4.64	4.84	69.79	0.63
5.85% Mediterranean Investments Holding plc Unsecured & Guaranteed 2028	20,000	5.26	3.79	3.30	22.75	0.21
3.65% Stivala Group Finance plc Secured & Guaranteed 2029	15,000	3.84	5.61	4.81	28.97	0.26
3.80% Hili Finance Company plc Unsecured & Guaranteed 2029	80,000	4.58	4.64	4.84	69.79	0.63
3.75% AX Group plc Unsecured 2029	10,000	3.75	1.75	14.74	30.01	0.28
6.25% GPH Malta Finance plc Unsecured & Guaranteed 2030	18,144	5.87	1.73	7.63	94.01	0.75
3.65% International Hotel Investments plc Unsecured 2031	80,000	4.63	1.87	11.42	41.92	0.40
3.50% AX Real Estate plc Unsecured 2032	40,000	4.29	2.31	13.83	42.36	0.41
5.00% Mariner Finance plc Unsecured 2032	36,930	5.00	4.72	5.95	49.91	0.49
5.85% AX Group plc Unsecured 2033	40,000	5.85	1.75	14.74	30.01	0.28
4.50% The Ona plc Secured & Guaranteed 2028/2034	16,000	4.51	44.17	9.76	64.11	0.59
5.50% Juel Group plc Secured & Guaranteed 2035	32,000	5.16	3.35	11.26	55.24	0.51

\*As at 31 August 2023

Sources: Malta Stock Exchange

M.Z. Investment Services Limited

Most recent audited annual financial statements except for Juel Group plc (FY2024 – forecast)

## PART 4 – EXPLANATORY DEFINITIONS

### Income Statement

<i>Revenue</i>	Total income generated from business activities.
<i>EBITDA</i>	Earnings before interest, taxes, depreciation, and amortisation. It is a metric used for gauging a company's operating performance, excluding the impact of its capital structure, and is usually interpreted as a loose proxy for operating cash flow generation.
<i>Adjusted operating profit</i>	Profit from core operations excluding movements in the fair value of investment property, share of results of associates and joint venture, net finance costs, and taxation.
<i>Operating profit</i>	Profit from operating activities including movements in the fair value of investment property but excluding the share of results of associates and joint venture, net finance costs, and taxation.
<i>Share of results of associates and joint venture</i>	Share of profit from companies in which the Issuer does not have a majority shareholding.
<i>Profit after tax</i>	Net profit generated from all business activities.

### Hotel Industry Key Performance Indicators

<i>Occupancy level</i>	The level of occupancy of all available rooms over a period of time. It is calculated by dividing the number of rooms sold by the total number of available rooms.
<i>Average room rate</i>	Measures the average price at which each hotel room is sold per night. It is calculated by dividing hotel room revenue by the number of rooms sold.
<i>Revenue per available room (RevPAR)</i>	Calculated by dividing a hotel's total revenue by the total number of available rooms, and usually serves as a measure for comparing a hotel's performance with other properties within the same category or market.
<i>Gross operating profit per available room (GOPAR)</i>	Calculated by dividing a hotel's gross operating profit by the total number of available rooms, and usually serves as a measure for comparing a hotel's performance with other properties within the same category or market.
<i>Revenue generating index</i>	Measures a hotel's market share compared to its peer/competitive set based on the amount of revenue generated per available room. A reading of 1 indicates that a hotel's performance is in line with the market. On the other hand, a reading of above 1 shows a superior performance compared to competition, whilst a reading below 1 reflects underperformance.

### Profitability Ratios

<i>EBITDA margin</i>	EBITDA as a percentage of revenue.
<i>Operating profit margin</i>	Adjusted operating profit as a percentage of total revenue.
<i>Net profit margin</i>	Profit after tax as a percentage of total revenue.
<i>Return on equity</i>	Measures the rate of return on the Group's net assets and is computed by dividing the net profit by average equity.
<i>Return on assets</i>	Measures the rate of return on the Group's assets and is computed by dividing the net profit by average assets.
<i>Return on invested capital</i>	Measures the rate of return from core operations and is computed by dividing operating profit by the average amount of equity and net debt.



## Cash Flow Statement

<i>Net cash flow from / (used in) operating activities</i>	The amount of cash generated (or consumed) from the normal conduct of business.
<i>Cash flow from / (used in) investing activities</i>	The amount of cash generated (or consumed) from activities related to the acquisition, disposal, and/or development of long-term assets and other investments.
<i>Cash flow from / (used in) financing activities</i>	The amount of cash generated (or consumed) that have an impact on the Group's capital structure and thus result in changes to share capital and borrowings.
<i>Free cash flow</i>	Represents the amount of cash generated from operating activities after accounting for capital expenditure.

## Statement of Financial Position

<i>Non-current assets</i>	These represent long-term investments which full value will not be realised within the next twelve months. Such assets, which typically include property, plant, equipment, and investment property, are capitalised rather than expensed, meaning that a company amortises the cost of the asset over the number of years for which the asset will be in use instead of allocating the entire cost to the accounting year in which the asset was acquired.
<i>Current assets</i>	All assets which could be realisable within a twelve-month period from the balance sheet date. Such amounts may include development stock, accounts receivable, cash and bank balances.
<i>Non-current liabilities</i>	These represent long-term financial obligations which are not due within the next twelve months, and typically include long-term borrowings and debt securities.
<i>Current liabilities</i>	Liabilities which fall due within the next twelve months from the balance sheet date, and typically include accounts payable and short-term debt.
<i>Total equity</i>	Represents the residual value of the business (assets minus liabilities) and typically includes the share capital, reserves, as well as retained earnings.

## Financial Strength / Credit Ratios

<i>Interest cover</i>	Measures the extent of how many times a company can pay its net finance costs from EBITDA.
<i>Net debt-to-EBITDA</i>	Measures how many years it will take a company to pay off its net interest-bearing liabilities (including lease liabilities) from its EBITDA generation capabilities, assuming that net debt and EBITDA are held constant.
<i>Net debt-to-equity</i>	Shows the proportion of net debt (including lease liabilities) to the amount of equity.
<i>Net gearing</i>	Shows the proportion of equity and net debt used to finance a company's business and is calculated by dividing a company's net debt by net debt plus equity.
<i>Debt-to-asset</i>	Shows the degree to which a company's assets are funded by debt and is calculated by dividing all interest-bearing liabilities by total assets.
<i>Leverage</i>	Shows how much equity a company is using to finance its assets.
<i>Current ratio</i>	Measures whether or not a company has enough resources to pay its short-term liabilities from its short-term assets.