

# SECURITIES NOTE

dated 21 July 2020

This document is a Securities Note issued in accordance with the provisions of Chapter 4 of the Listing Rules published by the Listing Authority and of the Prospectus Regulation.

This Securities Note is issued pursuant to the requirements of Listing Rule 4.14 of the Listing Rules and contains information about the Bonds being offered by the Issuer pursuant to the Bond Issue. Application has been made for the admission to listing and trading of the Bonds of the Company on the Official List of the Malta Stock Exchange. This Securities Note should be read in conjunction with the most updated Registration Document issued from time to time containing information about the Company.

In respect of an issue of  
**€40,000,000 4% Unsecured Bonds 2030**  
of a nominal value of €1,000 per Bond, issued at par, by

**///cablenet**

**CABLENET COMMUNICATION SYSTEMS PLC**

a public limited liability company registered in Cyprus  
with company registration number HE 137520

**ISIN: MT0002461201**

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

**THE LISTING AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS WHATSOEVER 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, THE SUBJECT OF THIS SECURITIES NOTE.**

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

---

**Legal Counsel**

**MAMO TCV**  
ADVOCATES

**Sponsor, Manager & Registrar**

 **RIZZO FARRUGIA**  
YOUR INVESTMENT CONSULTANTS

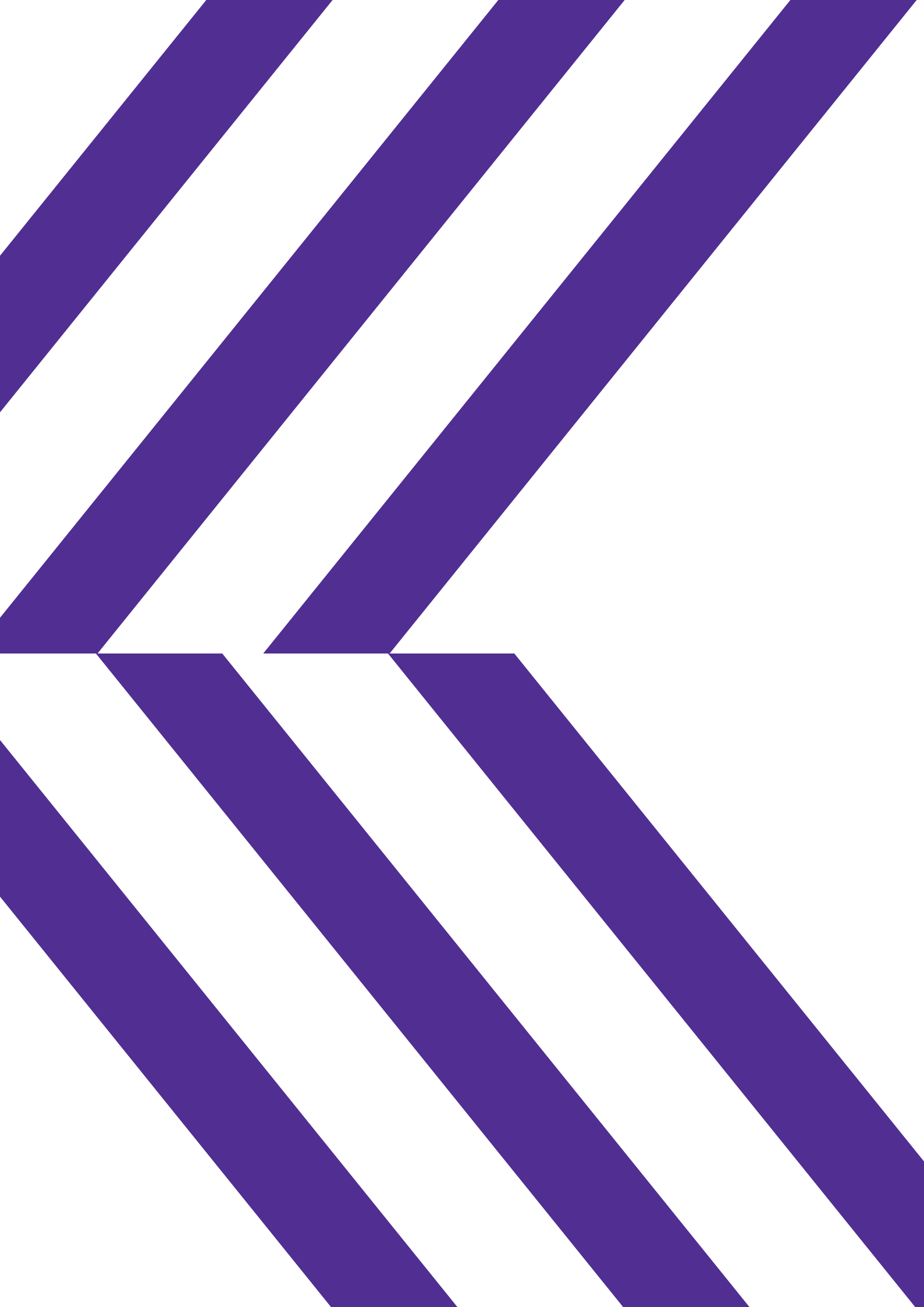
---

**APPROVED BY THE DIRECTORS**



**Nikhil Patil in his capacity as Director of the Company**

and for and on behalf of: Faker Hnid, Iosif Iosifakis, Neoclis Nicolaou, Samir Saied, Nicolas Shiacolas, Paul Testaferrata Moroni Viani, Periklis Theodoridis and Michael Warrington



# CONTENTS

<b>1. DEFINITIONS</b>	<b>46</b>
<b>2. RISK FACTORS</b>	<b>48</b>
2.1 <i>Forward-Looking Statements</i>	48
2.2 <i>General</i>	48
2.3 <i>Risks Relating to the Bonds</i>	48
<b>3. PERSONS RESPONSIBLE &amp; AUTHORISATION STATEMENT</b>	<b>50</b>
3.1 <i>Consent for Use of Prospectus</i>	50
3.2 <i>Statement of Authorisation</i>	51
<b>4. ESSENTIAL INFORMATION</b>	<b>51</b>
4.1 <i>Reasons for the Issue and Use of Proceeds</i>	51
4.2 <i>Expenses</i>	52
4.3 <i>Issue Statistics</i>	52
4.4 <i>Interest of Natural and Legal Persons Involved in the Issue</i>	53
<b>5. INFORMATION CONCERNING THE SECURITIES TO BE ISSUED AND ADMITTED TO TRADING</b>	<b>53</b>
5.1 <i>General</i>	53
5.2 <i>Ranking of the Bonds</i>	54
5.3 <i>Rights attaching to the Bonds</i>	55
5.4 <i>Interest</i>	55
5.5 <i>Yield</i>	56
5.6 <i>Registration, Form, Denomination and Title</i>	56
5.7 <i>Payments</i>	56
5.8 <i>Redemption and Purchase</i>	57
5.9 <i>Events of Default</i>	57
5.10 <i>Transferability of the Bonds</i>	57
5.11 <i>Further Issues</i>	58
5.12 <i>Meetings of Bondholders</i>	58
5.13 <i>Authorisations and approvals</i>	59
5.14 <i>Notices</i>	59
5.15 <i>Legislation under which the securities have been created</i>	59
<b>6. TAXATION</b>	<b>59</b>
6.1 <i>Taxation – Cyprus</i>	59
6.1.1 <i>Physical Persons Tax Residents of Cyprus</i>	59
6.1.2 <i>Legal Entities Tax Residents of Cyprus</i>	60
6.1.3 <i>Physical and Legal persons who are not Tax Residents of Cyprus</i>	60
6.1.4 <i>Cyprus Taxation On Capital Gains on Transfer of the Bonds</i>	60
6.1.5 <i>Cyprus: Exchange of Information</i>	60
6.2 <i>Taxation – Malta</i>	61
6.2.1 <i>General</i>	61
6.2.2 <i>Maltese Taxation on Capital Gains on a Transfer of the Bonds</i>	62
<b>7. TERMS AND CONDITIONS OF THE BOND ISSUE</b>	<b>62</b>
7.1 <i>Expected Timetable of the Bond Issue</i>	62
7.2 <i>Terms and Conditions of Application</i>	63
7.3 <i>Plan of Distribution and Allotment</i>	65
7.4 <i>Pre-Allocation Agreements</i>	66
7.5 <i>Intermediaries' Offer</i>	66
7.6 <i>Pricing</i>	66
7.7 <i>Allocation Policy</i>	66
7.8 <i>Application Form/Method of Payment</i>	66
7.9 <i>Admission to Trading</i>	67
7.10 <i>Credit rating</i>	67
7.11 <i>Additional Information</i>	67
<b>ANNEX I – LIST OF AUTHORISED FINANCIAL INTERMEDIARIES</b>	<b>68</b>
<b>ANNEX II – SPECIMEN APPLICATION FORM</b>	<b>69</b>
<b>ANNEX III – FINANCIAL ANALYSIS SUMMARY</b>	<b>75</b>

## IMPORTANT INFORMATION

THIS SECURITIES NOTE CONTAINS INFORMATION ON AN ISSUE BY THE COMPANY IN ACCORDANCE WITH THE REQUIREMENTS OF THE LISTING RULES AND THE PROSPECTUS REGULATION.

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE COMPANY OR ITS DIRECTORS TO ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE SECURITIES OF THE COMPANY OTHER THAN THOSE CONTAINED IN THIS REGISTRATION DOCUMENT 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 COMPANY OR ITS DIRECTORS OR ADVISERS.

**THE SECURITIES NOTE HAS BEEN APPROVED BY THE LISTING AUTHORITY AS COMPETENT AUTHORITY UNDER THE PROSPECTUS REGULATION. THE LISTING AUTHORITY ONLY APPROVES THIS SECURITIES NOTE AS MEETING THE STANDARDS OF COMPLETENESS, COMPREHENSIBILITY AND CONSISTENCY IMPOSED BY THE PROSPECTUS REGULATION. SUCH APPROVAL SHALL NOT BE CONSIDERED AS AN ENDORSEMENT OF THE ISSUER THAT IS THE SUBJECT OF THIS SECURITIES NOTE.**

THE PROSPECTUS DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR PURPOSES OF, AN OFFER OR INVITATION TO SUBSCRIBE FOR SECURITIES ISSUED BY THE ISSUER BY ANY PERSON IN ANY JURISDICTION (I) IN WHICH SUCH OFFER OR INVITATION IS NOT AUTHORISED OR (II) IN WHICH THE PERSON MAKING SUCH OFFER OR INVITATION IS NOT QUALIFIED TO DO SO OR (III) TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION.

IT IS THE RESPONSIBILITY OF ANY PERSON IN POSSESSION OF THE PROSPECTUS AND ANY PERSONS WISHING TO ACQUIRE ANY SECURITIES ISSUED BY THE ISSUER TO INFORM THEMSELVES OF, AND TO OBSERVE AND COMPLY WITH, ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTION. PROSPECTIVE INVESTORS FOR ANY SECURITIES OF THE COMPANY ADMITTED TO TRADING ON THE MSE SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS OF SO APPLYING FOR ANY SUCH SECURITIES AND OF ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS AND TAXES IN THE COUNTRIES OF THEIR NATIONALITY, RESIDENCE OR DOMICILE.

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

IN RELATION TO EACH MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (OTHER THAN MALTA) WHICH HAS IMPLEMENTED DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 4 NOVEMBER 2003 ON THE PROSPECTUS TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING OR WHICH, PENDING SUCH IMPLEMENTATION, APPLIES ARTICLE 3.2 OF SAID DIRECTIVE, THE SECURITIES CAN ONLY BE OFFERED TO "QUALIFIED INVESTORS" (AS DEFINED IN SAID DIRECTIVE) AS WELL AS IN ANY OTHER CIRCUMSTANCES WHICH DO NOT REQUIRE THE PUBLICATION BY THE ISSUER OF A PROSPECTUS PURSUANT TO ARTICLE 3 OF SAID DIRECTIVE.

A COPY OF THIS DOCUMENT HAS BEEN SUBMITTED TO THE LISTING AUTHORITY IN SATISFACTION OF THE LISTING RULES AND TO THE MALTA STOCK EXCHANGE IN SATISFACTION OF THE MALTA STOCK EXCHANGE BYE-LAWS.

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

ALL THE ADVISERS TO THE COMPANY NAMED IN THE REGISTRATION DOCUMENT UNDER THE HEADING "*IDENTITY OF DIRECTORS, ADVISERS AND AUDITORS*" IN SECTION 4 OF THE REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE COMPANY IN RELATION TO THIS PUBLIC OFFER AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL, ACCORDINGLY, NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS.

THE INFORMATION ON THE ISSUER'S WEBSITE DOES NOT FORM PART OF THE PROSPECTUS UNLESS THAT INFORMATION IS INCORPORATED BY REFERENCE INTO THE PROSPECTUS.

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 INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISERS.

THIS SECURITIES NOTE IS VALID FOR A PERIOD OF 12 MONTHS FROM THE DATE THEREOF. FOLLOWING THE LAPSE OF THIS VALIDITY PERIOD, THE ISSUER IS NOT OBLIGED TO SUPPLEMENT THIS SECURITIES NOTE IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKES OR MATERIAL INACCURACIES.

## 1. DEFINITIONS

Words and 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, expressed 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>	an applicant for the Bonds, either through the submission of an Application Form or through the subscription via an Authorised Financial Intermediary;
<b>Application/s</b>	the application/s to subscribe for the Bonds made by an Applicant/s;
<b>Application Form/s</b>	the forms of application for subscription for the Bonds by Preferred Applicants, specimen of which are contained in Annex II of this Securities Note;
<b>Authorised Financial Intermediaries</b>	the licensed stockbrokers and financial intermediaries as listed in Annex I of this Securities Note;
<b>Bond Issue Price</b>	the price of €1,000 per Bond;
<b>Bondholder/s</b>	a holder of the Bonds;
<b>Bonds</b>	the €40,000,000 Unsecured Bonds of a nominal value of €1,000 payable in full upon subscription and redeemable at the nominal value on the Redemption Date, bearing interest at the rate of 4% per annum, as detailed in this Securities Note;
<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>CSD</b>	the Central Securities Depository of the Malta Stock Exchange authorised in terms of Part IV of the Financial Markets Act (Cap. 345 of the laws of Malta), having its address at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
<b>GO Employees</b>	those persons employed by GO or any of its subsidiaries as at 21 July 2020 and who began such employment prior to 1 January 2020;
<b>GO Shareholders</b>	shareholders of GO appearing on the register of members as at 17 July 2020 (trading up to and including 15 July 2020);
<b>Interest Payment Date</b>	18 August of each year between and including each of the years 2021 and the year 2030, both years included, provided that if any such day is not a Business Day such Interest Payment Date will be carried over to the next following day that is a Business Day;
<b>Intermediaries Offer</b>	the offer of Bonds to the Authorised Financial Intermediaries, either for their own account or for the account of underlying customers, consisting of a maximum aggregate amount equal to the balance of the Bonds, if any, not subscribed to by Preferred Applicants or in terms of Pre-Allocation Agreements, pursuant to the terms of the plan of distribution and allotment contained in section 7.3 of this Securities Note;
<b>Intermediaries' Offer Date</b>	17 August 2020;
<b>Issue Date</b>	expected on 21 August 2020;
<b>MifIR</b>	Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments;
<b>Offer Period</b>	the period between 23 July 2020 to 6 August 2020 during which the Bonds will be available for subscription by the Preferred Applicants;

<b>Official List</b>	the list prepared and published by the Malta Stock Exchange as its official list in accordance with the Malta Stock Exchange Bye-Laws;
<b>Pre-Allocation Agreements</b>	the agreements entered into between the Company and the Authorised Financial Intermediaries as described in section 7.4 of this Securities Note;
<b>Pre-Allocation Date</b>	30 July 2020;
<b>Preferred Applicants</b>	GO Shareholders and GO Employees;
<b>Redemption Date</b>	19 August 2030;
<b>Redemption Value</b>	the nominal value of each Bond (€1,000 per Bond);
<b>Sponsor, Manager and/or Registrar</b>	Rizzo, Farrugia & Co. (Stockbrokers) Ltd., a private limited liability company registered under the laws of Malta having its registered office at Airways House, Fourth Floor, High Street, Sliema SLM 1551, Malta and bearing company registration number C 13102; and
<b>Terms and Conditions</b>	the terms and conditions of issue of the Bonds set out in sections 5 and 7 of this Securities Note.

All references in the Prospectus to "Malta" are to the "Republic of Malta" and those to "Cyprus" are to the "Republic of Cyprus".

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 also the feminine gender and *vice-versa*;
- c. the word "may" shall be construed as permissive and the word "shall" shall be construed as imperative; and
- d. the word "person" shall refer to both natural and legal persons.

## 2. RISK FACTORS

AN INVESTMENT IN THE BONDS INVOLVES CERTAIN RISKS INCLUDING THOSE DESCRIBED BELOW. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER, WITH THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISERS, THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THE PROSPECTUS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BONDS. THE SEQUENCE IN WHICH THE RISKS BELOW ARE LISTED IS INTENDED TO BE INDICATIVE OF THE ORDER OF PRIORITY AND TO THE EXTENT OF THEIR CONSEQUENCES.

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

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

### 2.1 FORWARD-LOOKING STATEMENTS

This Securities Note contains "forward-looking statements" which include, among others, statements concerning matters that are not historical facts and which may involve projections of future circumstances. These forward-looking statements are subject to a number of risks, uncertainties and assumptions and important factors that could cause actual risks to differ materially from the expectations of the Directors. No assurance is given that the future results or expectations will be achieved.

### 2.2 GENERAL

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

- a. has sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in the Prospectus or any applicable supplement;
- b. has sufficient financial resources and liquidity to bear all the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the prospective investor's currency and that the Bonds meet the investment objectives of the prospective investor;
- c. understands thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- d. be able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

### 2.3 RISKS RELATING TO THE BONDS

#### A. STATUS AND RANKING OF THE BONDS

The Bonds 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 with other unsecured debt, if any. 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, 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.



## **B. ORDERLY AND LIQUID SECONDARY MARKET**

The impact of CoVID-19, and other infectious illness outbreaks that may arise in the future, could adversely affect the economies of many nations or the entire global economy, individual issuers and capital markets in ways that cannot necessarily be foreseen. The existence of an orderly and liquid market for the Bonds depends on a number of factors, including but not limited to the presence of willing buyers and sellers of the 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. Furthermore, there can be no assurance that an investor will be able to trade in the Bonds at all.

## **C. THE COMPANY IS INCORPORATED IN CYPRUS WITH A PRIMARY LISTING IN MALTA. BONDHOLDERS, AS A CONSEQUENCE, MAY NOT HAVE THE BENEFIT OF CERTAIN RIGHTS THAT THEY WOULD EXPECT TO APPLY TO A MALTESE INCORPORATED COMPANY WITH A PRIMARY LISTING ON THE MSE AS WELL AS MAY INCUR ADDITIONAL EXPENSE WHEN ATTEMPTING TO ENFORCE THEIR RIGHTS**

The Company is a Cypriot incorporated public limited liability company subject to the Cyprus Act and with a primary listing on the MSE. While the Company is subject to the Cyprus Act and other applicable legislation in Cyprus, it is also subject to those listing requirements as a result of a primary listing on the MSE. Consequently, Bondholders may not benefit from certain rights and the enforcement of Bondholder rights may also come at a greater financial cost than would typically be expected in the case of a Maltese incorporated and MSE primary listed company.

## **D. FIXED INTEREST RATE**

The Bonds shall carry fixed interest rates. Consequently, investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds. Investors should also be aware that the price of fixed rate bonds should theoretically move adversely to changes in interest rates. When prevailing market interest rates are rising, their prices decline and conversely, if market interest rates are declining, the prices of fixed rate bonds rise. This is called market risk since it arises only if a Bondholder decides to sell the Bonds before maturity on the secondary market.

## **E. CURRENCY OF REFERENCE**

A Bondholder will bear the risk of any adverse fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the Bondholder's currency of reference, if different. Such adverse fluctuations may impair the return of investment of the Bondholder in real terms after taking into account the relevant exchange rate.

## **F. CONTINUING OBLIGATIONS**

After the Bonds are admitted to trading on the Official List of the MSE, the Issuer must remain in compliance with certain requirements. The Listing Authority has the authority to suspend trading of the Bonds if, *inter alia*, it comes to believe that such a suspension is required for the protection of investors or of the integrity or reputation of the market. Furthermore, the Listing Authority may discontinue the listing of the Bonds if, *inter alia*, it is satisfied that, owing to special circumstances, normal regular dealings in the Bonds are no longer possible, or upon the request of the Issuer or the MSE. Any such trading suspension or listing revocation/discontinuation described above, could have a material adverse effect on the liquidity and value of the Bonds.

## **G. AMENDMENTS TO THE TERMS AND CONDITIONS OF THE BONDS**

In the event that the Issuer wishes to amend any of the Terms and Conditions of the Bonds it shall call a meeting of Bondholders in accordance with the provisions of section 5.12 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.

## **H. CHANGES IN LAWS OR REGULATIONS, OR A FAILURE TO COMPLY WITH ANY LAWS OR REGULATIONS, MAY ADVERSELY AFFECT THE COMPANY**

The Company is subject to laws and regulations enacted by national and local governments. In particular, the Company is required to comply with the applicable legislation in both Malta and Cyprus. Compliance with, and

monitoring of, applicable laws and regulations may be difficult, time consuming and costly, as laws and regulations and their interpretation and application may change from time to time. Failure by the Company to comply with applicable laws or regulations could have a material adverse effect on the Company's business, financial results, net asset value (NAV) or the value of the Bonds.

### 3. PERSONS RESPONSIBLE & AUTHORISATION STATEMENT

This document includes information given in compliance with the Listing Rules for the purpose of providing prospective investors with information about the Issuer. All of the Directors accept responsibility for the information contained in this Securities Note.

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

#### 3.1 CONSENT FOR USE OF PROSPECTUS

##### **CONSENT REQUIRED IN CONNECTION WITH THE USE OF THE PROSPECTUS BY THE AUTHORISED FINANCIAL INTERMEDIARIES:**

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

- i. in respect of the Bonds subscribed for through Authorised Financial Intermediaries of this Securities Note during the Offer Period;
- ii. to any resale or placement of the Bonds taking place in Malta; and
- iii. to any resale or placement of the Bonds taking place within the period of 60 days from the date of the Prospectus.

None of the Issuer, the Sponsor, Manager & Registrar or any of their respective advisers accept any responsibility for any of the actions of any of the Authorised Financial Intermediaries, 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 Bonds.

Other than as set out above, neither the Issuer nor the Sponsor, Manager & Registrar 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 and neither the Issuer nor the Sponsor, Manager & Registrar has 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 Sponsor, Manager & Registrar. 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 will 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 applicable 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 the Sponsor, Manager & Registrar has 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 Authorised Financial Intermediaries unknown at the time of approval of this Securities Note will be made available through a company announcement which will also be made available on the Issuer's website: [www.cablenet.com.cy](http://www.cablenet.com.cy)

### 3.2 STATEMENT OF AUTHORISATION

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

## 4. ESSENTIAL INFORMATION

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

For the purpose of this section 4.1, the following definitions are repeated:

**"Shareholder Loan"** means the amount of €7,307,609 due by the Company to GO in terms of an intra-group loan agreement between the Company and GO dated 28 March 2019 and subsequently amended on 25 November 2019; and

**"BOC FTL"** means a fixed term loan with the Bank of Cyprus of €15,000,000 granted on 28 April 2017, repayable over a period of 9 years (maturity: 30 August 2026), with a current balance of *circa* €14.4 million.

The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €39,500,000 will be used by the Issuer for the following purposes, in the amounts and order of priority set out below:

- a. the amount of *circa* €14.4 million will be used to repay the BOC FTL;
- b. the amount of *circa* €7.3 million will be used to repay the Shareholder Loan;
- c. the amount of *circa* €14.6 million will be used for capital expenditure; and
- d. the amount of *circa* €3.2 million will be used for general corporate funding.

Capital expenditure will be as follows:

- New Network Rollout - €6.9 million
- 4G Spectrum - €2.1 million
- Information Technology Systems - €3.4 million
- International Capacity - €2.2 million

These investments are essential to the strategy of the Company in that (a) without 4G the Company cannot offer mobile services as a mobile network operator, (b) without Information Technology Systems the Company cannot offer good quality of service and after sales support, and (c) without International Capacity the Company cannot provide access to the internet.

The Bond Issue is conditional upon: (a) 75% of the Bond Issue being fully subscribed and (b) the Bonds being admitted to the Official List. Should only 75% of the Bond Issue be fully subscribed, €29,500,000 will be used by the Issuer for the following purposes, in the amounts and order of priority set out below:

- a. the amount of *circa* €14.4 million will be used to repay the BOC FTL;
- b. the amount of *circa* €7.3 million will be used to repay the Shareholder Loan;
- c. the amount of *circa* €7.5 million will be used for capital expenditure; and
- d. the amount of *circa* €0.3 million will be used for general corporate funding.

Capital expenditure will in this case be as follows:

- New Network Rollout – €3.5 million
- 4G Spectrum – €1.1 million
- Information Technology Systems – €1.9 million
- International Capacity – €1 million

It is important to note that, in the situation of 75% of the Bond Issue being fully subscribed and the proceeds being applied as per the immediately preceding paragraph, the Company will seek additional equity or bank financing in order to proceed with the requisite capital expenditure.

Detail of the capital expenditure intended to be undertaken is included in the preamble to section 6 of the Registration Document.

**New Network Rollout** – This relates to plans to cover new areas with the Company’s network and to connect buildings to the network. Section 6.3 of the Registration Document provides more detail on the fixed network expansion.

**4G Spectrum** – This relates to the frequencies required for the provision of 4G mobile services. 4G (which stands for 4th Generation and which is equivalent to LTE (Long Term Evolution)) is the most current, widely deployed mobile services technology. It is typically used for the provision of high-speed mobile data services and can be used also for the provision of high-quality voice using VOLTE (Voice Over LTE). A suitable set of frequencies for the provision of 4G mobile services have been acquired by the Company at auction from the Government of Cyprus in June 2019, with a right for the Company to use them for 10 years. Mobile services, with an emphasis on good value-for-money mobile data services, are a pivotal element of the Company’s growth strategy.

**Information Technology Systems** – These relate to all the software systems required to operate and monitor the Company and include Integrated Revenue Management Systems (IRMS), Customer Relationship Management (CRM), Enterprise Resource Planning (ERP) and Accounting systems. Having the latest systems, which are flexible, effective, interoperable and running on reliable up-to-date hardware, allows the Company to have a competitive advantage over its competitors with regard to the commercial appeal of the products and services it can launch in the market, the speed at which it can launch them and the customer experience of its subscribers during their use.

**International Capacity** – This relates to capacity on the undersea cables connecting Cyprus, which is an island, with the rest of the world particularly, mainland Europe. Without these connections, high-speed, high-capacity access to the Internet is not possible. In recent years there has been a steady, exponential growth in the capacity requirements from broadband users and guaranteed access to sufficient international capacity is a major success factor in the goal of the Company to retain its broadband leadership position in Cyprus.

## 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 to be *circa* €500,000. There is no particular order of priority with respect to such expenses.

## 4.3 ISSUE STATISTICS

<b>Amount:</b>	€40 million;
<b>Form:</b>	The Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD;
<b>Denomination:</b>	Euro (€);
<b>ISIN:</b>	MT0002461201;
<b>Minimum amount per subscription:</b>	Minimum of €2,000 and multiples of €1,000 thereafter;
<b>Redemption Date:</b>	19 August 2030;
<b>Plan of Distribution:</b>	The Bonds are open for subscription by all categories of investors, including the general public;

<b>Bond Issue Price:</b>	At par (€1,000 per Bond);
<b>Status of the Bonds:</b>	The Bonds, as and when issued and allotted, shall constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> , without any priority or preference among themselves;
<b>Listing:</b>	The Listing Authority has approved the Bonds for admissibility to listing and subsequent trading on the Official List of the Malta Stock Exchange. Application has been made to the Malta Stock Exchange for the Bonds to be listed and traded on its Official List;
<b>Offer Period (for Preferred Applicants):</b>	23 July 2020 to 6 August 2020, both days included;
<b>Interest:</b>	4% per annum;
<b>Placement Date:</b>	30 July 2020;
<b>Intermediaries Offer:</b>	By 17:00 hrs on 17 August 2020;
<b>Interest Payment Date(s):</b>	Annually on 18 August as from 18 August 2021 (the first interest payment date); and
<b>Governing Law:</b>	The Terms and Conditions shall be governed by and construed in accordance with the laws of Malta.

#### 4.4 INTEREST OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for the possible subscription for the Bonds by Authorised Financial Intermediaries (which includes the Sponsor), and any fees payable to Rizzo Farrugia & Co (Stockbrokers) Ltd in connection with the Bond Issue as Sponsor, Manager and Registrar, so far as the Issuer is aware, no other person involved in the Bond Issue has an interest, conflicting or otherwise, material to the Bond Issue.

## 5. INFORMATION CONCERNING THE SECURITIES 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 GENERAL

Each Bond forms part of a duly authorised issue of 4% unsecured bonds 2030 of a nominal value of €1,000 per Bond issued by the Issuer at par up to the principal amount of €40,000,000 (except as otherwise provided under section 5.11 "Further Issues").

- a. The Issue Date of the Bonds is expected to be 21 August 2020.
- b. The currency of the Bonds is Euro (€).
- c. Subject to admission to listing of the Bonds to the Official List of the MSE, the Bonds are expected to be assigned ISIN MT0002461201.
- d. Unless previously purchased and cancelled, the Bonds shall be redeemable at par on the Redemption Date.
- e. The issue of the Bonds is made in accordance with the requirements of the Listing Rules, the Cyprus Act, and the Prospectus Regulation.
- f. The Bond Issue is not underwritten.
- g. There are no special rights attached to the Bonds other than as specified in section 5.3 hereunder.

## 5.2 RANKING OF THE BONDS

Save as hereunder provided, the Bonds 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 with other unsecured debt of the Issuer present and future, if any. Third party security interests may be registered by the Issuer which will rank in priority to the Bonds against the assets of the Issuer for so long as such security interests remain in effect.

### A. THE VELISTER GUARANTEE AND CORRESPONDING SHARE PLEDGE

The Company holds 15% of the issued share capital in Velister Ltd, a company incorporated in Cyprus with registered address situated at 31 Evagorou Str., Evagoras Building, Floor 4, Flat 41-42, 1066 Nicosia, Cyprus and company registration number HE 261340 ("**Velister**"). Velister has an exclusive license that it obtained in 2010 and operates the only private Digital Terrestrial TV (DTT) transmission network in Cyprus. Its license is for 15 years and all non-public Free-To-Air (FTA) channels use Velister to transmit their signals. The Cyprus Broadcasting Corporation (CYBC) operates a smaller DTT network for the transmission of the public channels.

In terms of a credit facility granted to Velister by the Cyprus Development Bank (the "**CDB**") in the amount of €15,560,000 (the "**Credit Facility**"), the shareholders of Velister (of which the Company is one) (the "**Guarantors**") severally guaranteed the repayment by Velister of all the amounts due under and/or in connection to the particular Credit Facility, subject to the terms set out in the respective guarantee document/s (the "**Guarantee**"). Under the Guarantee, the Company's guaranteed amount is up to a maximum of €1,954,053 plus interest.

As an additional security for all of their own obligations as well as those of Velister, present or future (the "**Secured Obligations**"), including the Credit Facility and the Guarantee, the Guarantors pledged their shares in Velister to CDB.

Therefore, in an event of default in the performance of the Secured Obligations, CDB has the right to enforce its rights over the shares in Velister provided as security by the Guarantors, including the Company's shares in Velister which will therefore no longer fall within the Company's pool of assets. In a situation of insolvency of the Company and of CDB having a provable claim with regards to the Secured Obligations, if the aforementioned enforcement does not allow CDB to recover all the amounts due to it under and/or in connection with the Secured Obligations, including any unpaid interest, CDB may submit a claim for the balance on a *pari passu* basis with the Bondholders. If for whatever reason, CDB relinquishes its security, CDB may submit a claim for the whole debt, again on a *pari passu* basis with the Bondholders.

### B. THE BOC CURRENT SECURITY AND THE BOC REMAINING SECURITY

For the purpose of this section 5.2, the following definitions are repeated:

**"BOC FTL"** means a fixed term loan with the Bank of Cyprus of €15,000,000 granted on 28 April 2017, repayable over a period of 9 years (maturity: 30 August 2026), with currently €14,400,000 drawn down.

**"BOC OF"** means an overdraft facility of €4,000,000 with Bank of Cyprus granted on 28 April 2017.

**"BOC DF"** means a debtor financing facility of €500,000.

**"BOC LG"** means €1,000,000 related to Letter of Guarantees.

(the BOC FTL, the BOC OF, the BOC DF and the BOC LG collectively the "**BOC Current Borrowings**")

As per section 5.4 of the Registration Document, as at the date of the Prospectus, the Company has the BOC Current Borrowings with the Bank of Cyprus.

- The BOC Current Borrowings are secured as follows:

Floating charge<sup>1</sup> on the property of the Company: €52,071,504; and  
Mortgage on Leasehold property belonging to the Company: €750,000<sup>2</sup>

<sup>1</sup> A floating charge is a security interest over a changing pool of assets of the debtor which crystalize upon the amount falling due.

<sup>2</sup> The mortgage on leasehold property is a fixed charge.

(the "BOC Current Security")

As per section 4.1 of this Securities Note, the amount of *circa* €14,400,000 will be used to repay the BOC FTL. Until the BOC FTL is repaid, the BOC Current Security will remain in place. However, once the BOC FTL is repaid, the BOC Current Security will be amended so that, whilst the floating charge and the mortgage on leasehold property remain in place, the floating charge will only guarantee the remaining obligations towards BOC, namely the BOC OF, the BOC DF and the BOC LG as follows:

Floating charge on the property of the Company: €37,071,504; and  
Mortgage on Leasehold property belonging to the Company: €750,000

(the "BOC Remaining Security")

Both the BOC Current Security and the BOC Remaining Security are made up of a mix of floating charges and fixed charges. Therefore, in a situation of the insolvency of the Company, the following ranking will apply with respect to the Company's creditors:

- Preferential creditors<sup>3</sup>
- Secured creditors with a fixed charge
- Secured creditors with a floating charge
- Other creditors<sup>4</sup>

## C. THE SHAREHOLDER LOAN

The Shareholder Loan is unsecured and therefore, until repaid, in an event of the insolvency of the Company, the Bondholders and GO shall rank *pari passu*. However, as per section 4.1 of this Securities Note, the amount of *circa* €7.3 million will be used to repay the Shareholder Loan.

## 5.3 RIGHTS ATTACHING TO THE BONDS

This Securities Note in its entirety contains the terms and conditions of issue of the Bonds and creates the contract between the Issuer and a Bondholder. Any and all references to the terms and conditions of the Bonds shall be construed as a reference to all and each section of this Securities Note. A Bondholder shall have such rights as are, pursuant to this Securities Note, attached to the Bonds, including:

- i. the repayment of capital;
- ii. the payment of interest;
- iii. ranking with respect to other indebtedness of the Issuer in accordance with the provisions of section 5.2 above;
- iv. the right to attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bond Issue; and
- v. enjoy all such other rights attached to the Bonds emanating from the Prospectus.

## 5.4 INTEREST

The Bonds shall bear interest from and including 18 August at the rate of 4% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be effected on 18 August 2021 (covering the period 18 August 2020 to 17 August 2021). 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. 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.

When interest is required to be calculated for any period of less than a full year, it shall be calculated on the basis of a three hundred and sixty (360) day year consisting of twelve (12) months of thirty (30) days each, and in the case of an incomplete month, the number of days elapsed.

---

<sup>3</sup> Including *inter alia* taxes, government duties, salaries and compensation owed to employees.

<sup>4</sup> As this Bond Issue is unsecured, the Bondholders will be treated as other creditors and therefore rank behind the preferential and secured creditors and *pari passu* with all other creditors.



## 5.5 YIELD

The gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Bonds is 4% per annum.

## 5.6 REGISTRATION, FORM, DENOMINATION AND TITLE

Certificates will not be delivered to Bondholders in respect of the Bonds. The entitlement to the Bonds will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer by the CSD. There will be entered in such electronic register the names, addresses, identity card numbers (in the case of natural persons), registration numbers (in the case of companies) and MSE account numbers, and any other relevant information as required from time to time, of the Bondholders and particulars of the Bonds held by them respectively, and the Bondholders shall have, at all reasonable times during business hours, access to the register of bondholders held at the CSD for the purpose of inspecting information held on their respective account.

The CSD will issue, upon a request by a Bondholder, a statement of holdings to such Bondholder evidencing his/her/its entitlement to the Bonds held in the register kept by the CSD.

Upon submission of an Application Form, Bondholders who opt to subscribe for the online e-portfolio account with the CSD, by marking the appropriate box on the Application Form, will be registered by the CSD for the online e-portfolio facility and will receive by mail at their registered address a handle code to activate the new e-portfolio login. 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 is found on the afore-mentioned website.

The Bonds will be issued in fully registered form, without interest coupons, in denominations of any integral multiple of €1,000, provided that on subscription each Application must be for a minimum of €2,000 per individual Applicant. Authorised Financial Intermediaries subscribing to the Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of €2,000 to each underlying client.

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 5.10 of this Securities Note.

## 5.7 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, with interest accrued up to the Redemption Date, by means of direct credit transfer into such bank account as the Bondholder may designate from time to time, provided such bank account is denominated in Euro and held with any licensed bank in Malta. Such payment shall be affected within seven (7) 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.

Payment of interest on a Bond will be made to the person in whose name such Bond is registered at the close of business fifteen (15) days prior to the Interest Payment Date, by means of a direct credit transfer into such bank account as the Bondholder may designate, from time to time, which is denominated in Euro. Such payment shall be affected within seven (7) days of the Interest Payment Date. The Issuer shall not be responsible for any 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 and/or Cyprus. 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 and/or the Republic of Cyprus or any authority thereof or therein having power to tax.

No commissions or expenses shall be charged by the Issuer to Bondholders in respect of such payments. The Issuer shall not be liable for charges, expenses and commissions levied by parties other than the Issuer.



## 5.8 REDEMPTION AND PURCHASE

Unless previously re-purchased and cancelled, the Bonds will be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on 19 August 2030.

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

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

## 5.9 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:

- a. 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
- b. 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
- c. 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
- d. 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
- e. the Issuer, unless contractually entitled to do so or does so with the consent of the counterparty/ies, 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
- f. the Issuer is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent; or
- g. there shall have been entered against the Issuer a final judgment by a court of competent jurisdiction from which no appeal may be or is made for the payment of money in excess of an amount equivalent to at least 20% of the equity value of the Company, and 90 days shall have passed since the date of entry of such judgment without its having been satisfied or stayed.

## 5.10 TRANSFERABILITY OF THE BONDS

The Bonds are freely transferable and, once admitted to the Official List of the MSE, 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 such 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 Issuer.

The Issuer will not take into account the transfer or transmission of Bonds for a period of 15 days preceding the due date for any payment of interest on the Bonds.

## 5.11 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 or upon such terms as the Issuer may determine at the time of their issue.

## 5.12 MEETINGS OF BONDHOLDERS

- a. The Issuer may from time to time call meetings of Bondholders for the purpose of consultation with Bondholders or for the purpose of obtaining the consent of Bondholders on matters which in terms of the Prospectus require the approval of a Bondholders' meeting.
- b. A meeting of Bondholders shall be held in Malta and 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. Such notice shall set out the time, place and date set for the meeting and the matters to be discussed or decided thereat, including, if applicable, sufficient information on any amendment of the Prospectus that is proposed to be voted upon at the meeting and seeking the approval of the Bondholders.
- c. 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.
- d. The amendment or waiver of any of the Terms and Conditions of the Bonds, may only be made with the approval of Bondholders at a meeting called and held for that purpose in accordance with the terms hereof.
- e. 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 outstanding, 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.
- f. 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.
- g. 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.
- h. The voting process shall be managed by the secretary of the Company under the supervision and scrutiny of the auditors of the Issuer.

- i. 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.
- j. 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.

### **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 30 June 2020.

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

### **5.15 LEGISLATION UNDER WHICH THE SECURITIES HAVE BEEN CREATED**

Cypriot law.

## **6. TAXATION**

### **6.1 TAXATION – CYPRUS<sup>5</sup>**

#### **6.1.1 PHYSICAL PERSONS TAX RESIDENTS OF CYPRUS**

##### **Special Defence Contribution**

Individuals who are both Cyprus tax resident and Cyprus "domiciled" in the Republic of Cyprus are subject to Special Defence Contribution at the rate of 3% on interest received by corporate securities.

An individual who is a tax resident of Cyprus under the provisions of the Income Tax Law, but is "non- domiciled" in the Republic of Cyprus, will be exempt from Special Defence Contribution.

Interest earned as a result of the ordinary carrying on of the business (including interest closely connected to the ordinary carrying on of the business, and interest earned by a collective investment scheme) is not considered interest for Special Contribution for Defence purposes and is exempt from Special Contribution for Defence.

##### **Contributions to the General Healthcare System**

Interest income is subject to contributions to the National Health System at the rate of 2.65% for employees/pensioners/income earners and 4% for self-employed individuals, as from 1 March 2020 for all physical persons who are Cyprus tax residents (as a result of the CoVID-19 measures the rate of employees/pensioners/income earners will be 1.7% and 2.55% for self-employed individuals, for contributions during April, May and June 2020). The rate of contribution will be applicable up to maximum €180,000 income. The maximum income on which contribution is calculated, apart from interest income it also includes any other income that is assessed under the Cyprus Income Tax law. Following the provisions of the law the issuer must withhold and pay the contribution to the government. In case where the issuer for whatever reason does not withhold the contribution then the obligation for payment is automatically transferred to the income earner who is obliged to pay the contribution via self-assessment.

##### **Income Tax**

Interest income is exempt from Income Tax.

---

<sup>5</sup> Please note that the section entitled Taxation – Cyprus has been prepared by Grant Thornton (Cyprus) Ltd

## **6.1.2 LEGAL ENTITIES TAX RESIDENTS OF CYPRUS**

### **Special Defence Contribution**

Any legal person resident in the Republic who receives or is credited with interest income, is subject to Special Defence withholding tax at the rate of 30%.

Interest earned as a result of the ordinary carrying on of the business (including interest closely connected to the ordinary carrying on of the business, and interest earned by a collective investment scheme) is not considered interest for Special Contribution for Defence purposes and is exempt from Special Contribution for Defence.

### **Corporation Tax**

Interest income is exempt from Corporation Tax if it is considered to be passive income.

Interest earned as a result of the ordinary carrying on of the business (including interest closely connected to the ordinary carrying on of the business) is subject to Corporate Tax at the rate of 12.5%.

### **Provident Funds**

Interest received or credited to a Provident Fund in Cyprus is subject to Special Defence Contribution at the rate of 3%.

### **Public Law Organizations**

Public Law Organizations are taxed in the same way as any other legal entity.

## **6.1.3 PHYSICAL AND LEGAL PERSONS WHO ARE NOT TAX RESIDENTS OF CYPRUS**

There is no withholding tax on interest paid to non-residents or tax residents of Cyprus.

However, the tax legislation of a Bondholder's jurisdiction may have an impact on the interest income received.

Furthermore, non-tax residents of the Republic are entitled to receive interest free withholding tax and Special Defence Contributions provided that they provide the Interest payer with a declaration for exemption from the deduction of Special Defence Contribution.

Finally, physical persons who are non-residents of the Republic of Cyprus are not subject to contributions to the General Healthcare System on interest income.

## **6.1.4 CYPRUS TAXATION ON CAPITAL GAINS ON TRANSFER OF THE BONDS**

The Income Tax Law provides that any gain on the disposal of "titles" is exempt from income/corporation tax.

The word "titles" according to the income Tax Law N.118(I)/2002 means: "shares, bonds, debentures, founders' shares and other titles of companies or other legal persons incorporated in Cyprus or abroad and rights thereon".

## **6.1.5 CYPRUS: EXCHANGE OF INFORMATION**

Cyprus is a party to a number of international agreements designed to provide tax administrations with information about interest, dividends, bank balances, income from certain insurance products, revenue from sale of financial assets and other income or payments, by individuals and entities that are resident for tax purposes in their jurisdiction, but which are held by financial institutions, financial intermediaries, collective investment funds, insurance companies etc, in the other territory (Cyprus).

Such information is shared to the Cyprus Tax Department and in turn the Cyprus Tax Department informs the Tax Authorities in the country of tax residence of the relevant individual or entity.

In return, those jurisdictions supply the Cyprus Tax Department with similar information on Cyprus tax resident individuals and entities.

Cyprus has in place the below legislation/means with regards to exchange of information:

- a. The United States Foreign Account Tax Compliance Act – FATCA
- b. The Common Reporting Standard developed by the OECD – CRS
- c. The Country by Country Reporting of the Organisation for Economic Co-Operation and Development (OECD) – CbCR
- d. The EU Directive on Administrative Cooperation in Tax Matters – DAC
- e. Double taxation avoidance treaties between countries followed by a special request of the other country's tax authorities.
- f. Bilateral agreements between countries to exchange information followed by a specific request of the other country's tax authorities.

## **6.2 TAXATION – MALTA**

### **6.2.1 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 transfer as well as on any income derived therefrom or on any gains derived on the transfer of such Bonds. 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 does not purport to be exhaustive.

The information below is based on 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.

#### **Malta Tax on Interest**

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

Article 41(c) of the Income Tax Act defines the term "Recipient", which includes (*inter alia*) a person who is resident in Malta during the year in which investment income is payable to him/her, and EU/EEA nationals (and their spouse were applicable) who are not resident in Malta for Maltese tax purposes but who apply the tax rates applicable to Maltese residents on the basis that the income that arises in Malta is at least 90% of their world-wide income.

The aforementioned 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 or her income tax return (to the extent that the interest is paid net of tax). No person should 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 Revenue 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 or her 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 Revenue on an annual basis in respect of all interest paid gross and of the identity of all such recipients. Any such election made by a resident Bondholder at the time of subscription may be subsequently changed by giving notice in writing to the Issuer. Such election or revocation will be effective within the time limit set out in the Income Tax Act.

## Exchange of Information

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

### 6.2.2 MALTESE TAXATION ON CAPITAL GAINS ON A TRANSFER OF THE BONDS

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

### Duty on Documents and Transfers

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

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

Furthermore, even if the Bonds are considered marketable securities for the purposes of the Duty on Documents and Transfers Act, in terms of article 50 of the Financial Markets Act as the Bonds constitute financial instruments of a company quoted on a regulated market exchange, as is the MSE, redemptions and transfers of the Bonds should, in any case, be exempt from duty.

**INVESTORS AND PROSPECTIVE INVESTORS ARE URGED TO SEEK PROFESSIONAL ADVICE AS REGARDS BOTH MALTESE AND ANY FOREIGN TAX LEGISLATION APPLICABLE TO THE ACQUISITION, HOLDING AND DISPOSAL OF BONDS AS WELL AS INTEREST PAYMENTS MADE BY THE ISSUER. THE ABOVE IS A SUMMARY OF THE ANTICIPATED TAX TREATMENT APPLICABLE TO THE BONDS AND TO BONDHOLDERS. THIS INFORMATION, WHICH DOES NOT CONSTITUTE LEGAL OR TAX ADVICE, REFERS ONLY TO BONDHOLDERS WHO DO NOT DEAL IN SECURITIES IN THE COURSE OF THEIR NORMAL TRADING ACTIVITY.**

## 7. TERMS AND CONDITIONS OF THE BOND ISSUE

### 7.1 EXPECTED TIMETABLE OF THE BOND ISSUE

1. Application Forms made available to Preferred Applicants	23 July 2020
2. Pre-Allocation Date	30 July 2020
3. Offer Period for Preferred Applicants	23 July 2020 to 6 August 2020, both days included
4. Expected date of announcement of basis of acceptance	13 August 2020
5. Intermediaries Offer*	17 August 2020
6. Commencement of interest on the Bonds	18 August 2020
7. Expected announcement of Intermediaries Offer result	19 August 2020
8. Refunds of unallocated monies	21 August 2020
9. Expected date of admission of the securities to listing	21 August 2020
10. Expected date of commencement of trading in the securities	24 August 2020

\* In the event that the total value of Applications received through Pre-Allocation Agreements and from Preferred Applicants, exceeds €40,000,000, the Intermediaries' Offer will not take place.

## 7.2 TERMS AND CONDITIONS OF APPLICATION

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 on the one hand and the Applicant on the other.

- a. The issue and allotment of the Bonds is conditional upon: (i) the Bond Issue being at least 75% subscribed and (ii) the Bonds being admitted to the Official List of the MSE. In the event that either of the aforesaid conditions is not satisfied within 20 Business Days of the close of the Offer Period, any Application monies received by the Issuer will be returned without interest by direct credit into the Applicant's bank account as indicated by the Applicant.
- b. The Preferred Applicants may subscribe for Bonds either by completing an Application Form and lodging same with any of the Authorised Financial Intermediaries or through the Authorised Financial Intermediaries in the manner instructed thereby during the Offer Period which will open at 08:30 hours on 23 July 2020 and will close at 12:00 hours on 6 August 2020. In the event of an Intermediaries Offer, the general public may apply for the Bonds through the respective Authorised Financial Intermediary in the manner instructed thereby.
- c. The Bonds will be issued in multiples of €1,000. The minimum subscription amount of Bonds that can be subscribed for by Applicants is €2,000. Applications for the Bonds must be accompanied by the full price of the Bonds applied for, in Euro.
- d. By submitting an Application, the Applicant is thereby confirming to the Issuer and the Authorised Financial Intermediary through whom the Application is made 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 respective Authorised Financial Intermediary and Issuer reserve the right to invalidate the relative Application. Furthermore the Applicant will not be entitled 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 (which acceptance shall be made in the Authorised Financial Intermediary's absolute discretion and may be on the basis that the Applicant indemnifies the Authorised Financial Intermediary against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of the Applicant's remittance to be honoured on first presentation).
- e. The contract created by the Issuer's acceptance of an Application submitted by a prospective bondholder through an Authorised Financial Intermediary 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.
- f. If an Application is submitted on behalf of another party or on behalf of a corporation or corporate entity or association of persons, the person submitting such Application will be deemed to have duly bound his principal, or the relative corporation, corporate entity, or association of persons, and will be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions on their behalf. Such representative may be requested to submit the relative power of attorney/resolution or a copy thereof duly certified by a lawyer or notary public if so required by the Issuer 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 submit an Application.
- g. Legal entities (including corporations or corporate entities or associations of persons) applying for the Bonds need to have a valid Legal Entity Identifier ("**LEI**") which needs to be valid and unexpired, at least, until the admission to listing of the Bonds. Without a valid LEI code the Application would be cancelled by the respective Authorised Financial Intermediary or the Issuer acting through the Registrar and subscription monies will be returned to the Applicant.
- h. In the case of joint applicants, 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 first-named in the register of Bondholders shall, for all intents and purposes, be deemed to be such nominated person by all joint Applicants. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Bond/s so held. It shall not be incumbent on the Registrar or the Issuer to verify the signatory/ies on any Application Form submitted.
- i. The Bonds will not be capable of being issued and allotted subject to usufruct.

- j. Applications in the name of deceased persons shall not be accepted by the Issuer and Authorised Financial Intermediaries.
- k. Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or the legal guardian/s and may be required to be accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application is submitted. 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 / legal guardian/s signing the Application Form 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 is duly notified in writing of the fact that the minor has attained the age of eighteen (18) years. It shall not be incumbent on the Registrar or the Issuer to verify the signatory/ies on any Application Form submitted.
- l. 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.
- m. No person receiving a copy of the Prospectus or an Application Form 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 Form, unless, in the relevant territory, such an invitation or offer could lawfully be made to such person or such Application Form could lawfully be used without contravention of any registration or other legal requirements.
- n. It is the responsibility of any person outside Malta wishing to make any Application to satisfy himself/herself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.
- o. Subject to all other terms and conditions set out in the Prospectus, the Issuer through the Registrar or the Authorised Financial Intermediary reserve the right to reject, in whole or in part, or to scale down, any Application and to present any cheques and/or drafts for payment upon receipt. The right is also reserved to refuse any Application which, in the opinion of the Issuer through the Registrar or the Authorised Financial Intermediary, is not properly completed in all respects in accordance with the instructions or is not accompanied by the required documents.
- p. By not later than 13 August 2020, the Issuer shall announce the result of the Issue through an announcement on its website.
- q. 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 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 cheque sent by mail to the address shown on the Application Form, or by credit transfer to such account indicated in the Application Form, at the Applicant's sole risk within 10 Business Days from the date of final allocation. The Authorised Financial Intermediaries, the Registrar and the Issuer shall not be responsible for any charges, loss or delay arising in connection with such direct credit transfer.
- r. For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations 2008 (Legal Notice 180 of 2008, as subsequently amended), all 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 of the MSE Bye-Laws, irrespective of whether the Authorised Financial Intermediaries are MSE members or not. Such information shall be held and controlled by the Malta Stock Exchange in terms of the Data Protection Act (Cap. 586 of the laws of Malta) and the General Data Protection Regulation (GDPR)(EU) 2016/679 for the purposes and within the terms of the MSE's data protection and privacy policy as published from time to time.
- s. 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 anti-money laundering and counter-terrorist financing rules and regulations, all applicable MIFIR requirements as well as applicable MFSA Conduct of Business Rules and MFSA Rules for investment services providers.



- t. By submitting an Application, the Applicant:
- i. agrees and acknowledges to have had the opportunity to read the Prospectus and to be deemed to have had notice of all information and representations concerning the Issuer and the issue of the Bonds contained therein;
  - ii. warrants that the information submitted by the Applicant is true and correct in all respects and in the case where an MSE account number is provided by the Applicant, such MSE account number is the correct account of the Applicant. In the event of a discrepancy between the personal details (including name and surname and the Applicant's address) appearing on any Application Form submitted and those held by the MSE in relation to the MSE account number indicated on the Application Form, the details held by the MSE shall be deemed to be the correct details of the Applicant;
  - iii. authorises the Issuer, the Registrar and the MSE to process the personal data that the Applicant provides on Application, for all purposes necessary and subsequent to the Bond Issue applied for, in accordance with the Data Protection Act (Cap. 586 of the laws of Malta) and the General Data Protection Regulation (GDPR)(EU) 2016/679. The Applicant has the right to request access to, and rectification of, the personal data relating to him/her as processed in relation to the Bond Issue. Any such requests must be made in writing and sent to the MSE. The requests must further be signed by the Applicant to whom the personal data relates;
  - iv. confirms that in making such Application no reliance was placed on any information or representation in relation to the Issuer or the issue of the Bonds other than what is contained in the Prospectus and accordingly agree/s that no person responsible solely or jointly for the Prospectus or any part thereof will have any liability for any such other information or representation;
  - v. agrees that the registration advice and other documents and any monies returnable to the Applicant may be retained pending clearance of his/her 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;
  - vi. agrees to provide the Authorised Financial Intermediary, the Registrar and/or the Issuer, as the case may be, with any information which may be requested in connection with the Application;
  - vii. warrants, in connection with the Application, to have observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with his/her Application in any territory, and that the Applicant has not taken any action which will or may result in the Issuer, the Registrar or the Authorised Financial Intermediary acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Bond or his/her Application;
  - viii. warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;
  - ix. represents that the Applicant is not a U.S. person (as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended) 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;
  - x. 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 any Application Form submitted by the Applicant or on its behalf; and
  - xi. 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.

### 7.3 PLAN OF DISTRIBUTION AND ALLOTMENT

The Bonds are open for subscription to all categories of investors which may be broadly split up as follows:

- a. the Issuer has entered into Pre-Allocation Agreements with a number of Authorised Financial Intermediaries in advance of the Offer Period, whereby the Company bound itself to allocate a total amount of €32 million worth of Bonds to such Authorised Financial Intermediaries. The Authorised Financial Intermediaries may subscribe for Bonds either for their own account or for the account of underlying customers, including retail clients. Authorised Financial Intermediaries shall, in addition, be entitled to distribute to their underlying customers any portion of the Bonds subscribed for upon commencement of trading. Details of such agreements can be found in section 7.4 hereunder;
- b. the remaining balance of €8 million worth of Bonds shall be made available for subscription by Preferred Applicants by submitting an Application through their Authorised Financial Intermediary of choice by not later than 12:00 hours on 6 August 2020; and

- c. the Authorised Financial Intermediaries shall be entitled to subscribe for the Bonds through an Intermediaries' Offer, for their own account or on account of their underlying clients, up to the balance, if any, of the Bonds not subscribed for in (a) or (b) above by submitting a subscription agreement by no later than 17:00 hours on 17 August 2020. Details of such agreements can be found in section 7.5 hereunder.

The minimum subscription amount of Bonds that can be subscribed for by Applicants is €2,000 and subscription amounts shall be in multiples of €1,000 thereafter. Applications may be made through any of the Authorised Financial Intermediaries.

It is expected that an allotment letter will be issued by the Issuer to Applicants on or around 20 August 2020.

Dealing in the Bonds shall not commence prior to admission to trading of the Bonds by the MSE or prior to the said notification.

#### **7.4 PRE-ALLOCATION AGREEMENTS**

The Company has entered into Pre-Allocation Agreements with a number of Authorised Financial Intermediaries, whereby the Company bound itself to allocate a total amount of €32 million worth of Bonds to such Authorised Financial Intermediaries, which in turn bound themselves to subscribe to, for their own account or for the account of their underlying clients, a specified number of Bonds subject to the Bonds being admitted to the Official List of the MSE. Each Pre-Allocation Agreement, which is subject to the terms and conditions set out in the Prospectus, is binding on all parties thereto with effect from the respective Pre-Allocation Agreement date. Payment for these Bonds is required to take place by the Pre-Allocation Date.

#### **7.5 INTERMEDIARIES' OFFER**

The Issuer may enter into conditional subscription agreements with Authorised Financial Intermediaries for the subscription of the resultant balance of Bonds not subscribed to through Pre-Allocation Agreements or by Preferred Applicants, if any. In terms of each subscription agreement entered into with an Authorised Financial Intermediary, the Issuer will be conditionally bound to issue, and each Authorised Financial Intermediary will bind itself to subscribe to, on its own account or on account of its underlying clients, the number of Bonds indicated therein subject to being admitted to trading on the Official List of the Malta Stock Exchange. The subscription agreements will become binding on each of the Issuer and 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. The minimum which each Authorised Financial Intermediary may apply for in terms of the subscription agreement is €2,000 (and in multiples of €1,000 thereafter).

#### **7.6 PRICING**

The Bonds are being issued at par, that is, at €1,000 per Bond with the full amount payable upon subscription.

#### **7.7 ALLOCATION POLICY**

The Company shall allocate the Bonds on the basis of the following policy:

- a. an amount of €32 million worth of Bonds, shall be allocated to Authorised Financial Intermediaries pursuant to Pre-Allocation Agreements entered into with the Company, as mentioned in section 7.4 above;
- b. a maximum aggregate amount of €8 million worth of Bonds shall be allocated to Preferred Applicants in accordance with an allocation policy as determined by the Company; and
- c. the general public through an Intermediaries Offer up to the balance, if any, of the Bonds not subscribed for by way of Pre-Allocation Agreements or by the Preferred Applicants.

The Issuer shall announce the allocation policy for the allotment of Bonds upon listing. The announcement will be made through the Company's website.

#### **7.8 APPLICATION FORM/METHOD OF PAYMENT**

Applications for the purchase of Bonds by Preferred Applicants must be submitted to Authorised Financial Intermediaries. Applications submitted by Authorised Financial Intermediaries either for their own account or directly in the names of underlying customers with respect to Pre-Allocation Agreements and the Intermediaries Offer shall be submitted in the manner prescribed in the respective agreements entered into by the Authorised Financial Intermediaries with the Issuer.

A specimen of the Application Forms being sent or made available to Preferred Applicants can be found in Annex II to this Securities Note. Applications must be accompanied by the full price of the Bonds applied for. In the event that cheques accompanying the Applications are not honoured on their first presentation, the Issuer and/or the Authorised Financial Intermediary reserves the right to invalidate the relative Application.

#### **7.9 ADMISSION TO TRADING**

- i. The Listing Authority has authorised the Bonds as admissible to listing pursuant to the Listing Rules by virtue of a letter dated 21 July 2020.
- ii. Application has been made to the Malta Stock Exchange for the Bonds being issued pursuant to the Prospectus to be listed and traded on the Official List of the Malta Stock Exchange.
- iii. The Bonds are expected to be admitted to the Malta Stock Exchange with effect from 21 August 2020 and trading can be expected to commence on 24 August 2020.

#### **7.10 CREDIT RATING**

The Issuer has not sought, nor does it intend to seek the credit rating of an independent agency and there has been no assessment of the Bonds by any independent rating agency.

#### **7.11 ADDITIONAL INFORMATION**

Save for the financial analysis summary set out as 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 they appear with the authorisation of Rizzo, Farrugia & Co (Stockbrokers) Ltd of Airways House, Fourth Floor, High Street, Sliema SLM 1551, Malta, which has given and has not withdrawn its consent to the inclusion of such report herein.

Rizzo, Farrugia & Co (Stockbrokers) Ltd does not have any material interest in the Company. The Company confirms that the financial analysis summary has been accurately reproduced in the Prospectus and that there are no facts of which the Company is aware that have been omitted and which would render the reproduced information inaccurate or misleading.

## ANNEX I – LIST OF AUTHORISED FINANCIAL INTERMEDIARIES

NAME	ADDRESS	TELEPHONE
APS Bank p.l.c.	APS Centre, Tower Street, Birkirkara BKR 4012	2560 3000
Bank of Valletta p.l.c.	BOV Centre, Cannon Road, Zone 4, Central Business District, St Venera CBD 4060	2275 1732
Calamatta Cuschieri Investment Services Ltd	Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034	2568 8688
Curmi & Partners Ltd	Finance House, Princess Elizabeth Street, Ta' Xbiex XBX 1102	2134 7331
FINCO Treasury Management Ltd	The Bastions, Office No 2, Emvin Cremona Street, Floriana FRN 1281	2122 0002
Hogg Capital Investments Ltd	Nu Bis Centre, Mosta Road, Lija LJA 9012	2132 2872
Jesmond Mizzi Financial Advisors Ltd	67 Level 3, South Street, Valletta VLT 1105	2122 4410
Lombard Bank Malta p.l.c.	67, Republic Street, Valletta VLT 1117	2558 1806
Medirect Bank (Malta) p.l.c.	The Centre, Tigne' Point, Sliema TPO 0001	2557 4400
Michael Grech Financial Investment Services Ltd	The Brokerage, Level 0 A, St Marta Street, Victoria, Gozo VCT 2551	2258 7000
MZ Investment Services Ltd	61, St Rita Street, Rabat RBT 1523	2145 3739
Rizzo, Farrugia & Co (Stockbrokers) Ltd	Airways House, Fourth Floor, High Street, Sliema SLM 1551	2258 3000
Zenith Finance Ltd	220, Immaculate Conception Street Msida, MSD 1838	2133 2200

## ANNEX II – SPECIMEN APPLICATION FORMS

### APPLICATION FORM A

FOR GO PLC SHAREHOLDERS



Form Number : A

IN RESPECT OF THE ISSUE OF €40,000,000 4% UNSECURED BONDS 2030 OF A NOMINAL VALUE OF €1,000 PER BOND ISSUED AT PAR (THE "BONDS") BY CABLENET COMMUNICATION SYSTEMS PLC (THE "ISSUER")

#### A. APPLICANT DETAILS

	MSE Account Number:
	ID Document No/Co Reg No:
	Document Type (ID/Passport/etc): <i>(mandatory for individuals)</i>
Nationality: <i>(mandatory for individuals)</i>	Country of Issue of ID Document: <i>(mandatory for individuals)</i>
Date of Birth: <i>(mandatory for individuals)</i>	Telephone No:
LEI (Legal Entity Identifier): <i>(mandatory for non-individuals including companies/partnerships/organisations/trusts/foundations/religious orders/etc)</i> <i>(The LEI must be valid (unexpired) as at the date of listing of the Bonds)</i>	
Email:	Mobile No: <i>(mandatory for e-Portfolio facility)</i>

I/We wish to register for the Malta Stock Exchange's **e-Portfolio facility** and hereby authorize the Registrar to apply on my/our behalf

#### B. ADDITIONAL ACCOUNT HOLDER DETAILS (IN CASE OF JOINT ACCOUNTS)

Name and Surname:	ID Document No:
Nationality: <i>(mandatory for individuals)</i>	Document Type (ID/Passport/etc): <i>(mandatory for individuals)</i>
Date of Birth: <i>(mandatory for individuals)</i>	Country of Issue of ID Document: <i>(mandatory for individuals)</i>

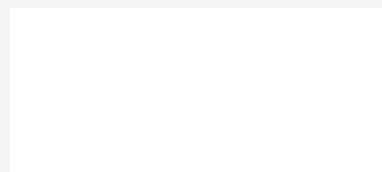
#### C. DECISION MAKER / LEGAL GUARDIAN DETAILS (WHERE APPLICABLE)

Where the decision to apply for the Bonds is made by a third-party on behalf of the Applicant/s, such as attorneys, portfolio management companies, or parents/legal guardians in the case of minors, completion of all the below information in respect of **each** decision maker is **mandatory**:

##### Decision Maker / Parent / Legal Guardian 1 Details

Name/Company Name of Decision Maker: <i>(Mandatory)</i>	Surname of Decision Maker: <i>(Mandatory where the decision maker is an individual)</i>
Nationality: <i>(Mandatory where the decision maker is an individual)</i>	ID Document Number: <i>(Mandatory where the decision maker is an individual)</i>
Document Type (ID Card/Passport/etc): <i>(Mandatory where the decision maker is an individual)</i>	Country of Issue of ID Document: <i>(Mandatory where the decision maker is an individual)</i>
Date of Birth: <i>(Mandatory where the decision maker is an individual)</i>	
LEI (Legal Entity Identifier): <i>(Mandatory for non-individuals including companies/partnerships/organisations/trusts/foundations/religious orders/etc)</i> <i>(The LEI must be valid (unexpired) as at the date of listing of the Bonds)</i>	

AUTHORISED FINANCIAL INTERMEDIARY STAMP:



**Decision Maker / Parent / Legal Guardian 2 Details**

Name/Company Name of Decision Maker: <i>(Mandatory)</i>	Surname of Decision Maker: <i>(Mandatory where the decision maker is an individual)</i>
Nationality: <i>(Mandatory where the decision maker is an individual)</i>	ID Document Number: <i>(Mandatory where the decision maker is an individual)</i>
Document Type (ID Card/Passport/etc): <i>(Mandatory where the decision maker is an individual)</i>	Country of Issue of ID Document: <i>(Mandatory where the decision maker is an individual)</i>
Date of Birth: <i>(Mandatory where the decision maker is an individual)</i>	
LEI (Legal Entity Identifier): <i>(Mandatory for non-individuals including companies/partnerships/organisations/trusts/foundations/religious orders/etc) (The LEI must be valid (unexpired) as at the date of listing of the Bonds)</i>	

**D. I/WE APPLY TO PURCHASE AND ACQUIRE****Application must be for a minimum of €2,000 and multiples of €1,000 thereafter**

NUMBER OF BONDS <i>(in figures)</i>	NUMBER OF BONDS <i>(in words)</i>
€	

**E. RESIDENT – FINAL WITHHOLDING TAX (“FWT”) DECLARATION (TO BE COMPLETED ONLY IF THE APPLICANT IS A RESIDENT OF MALTA)**

<input type="checkbox"/> I/We elect to receive interest NET of 15% FWT	<input type="checkbox"/> I/We elect to receive interest GROSS (i.e. without FWT)
<input type="checkbox"/> I/We elect to receive interest NET of 10% FWT (applicable solely to Prescribed Funds)	

**F. NON-RESIDENT – DECLARATION FOR TAX PURPOSES (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. BANK DETAILS FOR INTEREST / REDEMPTION / REFUND PURPOSES**

BANK:	ACCOUNT NAME:	SWIFT/BIC CODE:
IBAN:		

**H. SIGNATURE OF APPLICANT/S (OR APPOINTED ATTORNEY/DECISION MAKER. BOTH PARENTS OR LEGAL GUARDIAN/S ARE/IS TO SIGN IF THE APPLICANT IS A MINOR. ALL JOINT MSE ACCOUNT HOLDERS ARE TO SIGN IN THE CASE OF JOINT APPLICATIONS.)**

I/we hereby declare that I/we have understood and accept the Terms and Conditions (as set in the Prospectus) and the instructions for the completion of this Application Form, and am making this application solely on the basis of the Prospectus dated 21 July 2020.

I/we hereby confirm that I/we have paid the necessary funds for this application to the Authorised Financial Intermediary.

I/We hereby authorize the Authorised Financial Intermediary and the Registrar of the Bond Issue, on behalf of the Issuer, to forward all my/our details to the Malta Stock Exchange for the purposes of registering the Bonds in my/our MSE account, to register for the e-Portfolio facility (if applicable), and to enable the reporting of all necessary transaction and personal information provided in this form to the Malta Financial Services Authority as competent authority (“**Transaction Reporting**”). Furthermore, I/we understand and acknowledge that the Registrar and/or the Authorised Financial Intermediary may require additional information for Transaction Reporting purposes.

Signature	Signature	Date
Name and Surname	Name and Surname	

## NOTES ON HOW TO COMPLETE THIS APPLICATION FORM AND OTHER INFORMATION

The following notes are to be read in conjunction with the Prospectus dated 21 July 2020 regulating the Bond Issue

1. This Application is governed by the general Terms and Conditions of Application contained in Prospectus dated 21 July 2020. 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 Section F must be completed.
3. The MSE account number pertaining to the Applicant has been pre-printed in Section A and reflects the MSE account number on the Register of GO plc at the CSD as at 17 July 2020. If an MSE account pertains to more than one person, the full details of all individuals must be given in Sections A and B but the person whose name appears in Section A shall, for all intents and purposes, be deemed to be the registered holder of the Bonds.

Upon submission of an Application Form, Applicants who opt to have an online e-portfolio facility (by marking the relative box in Section 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 Applicant'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 details on the e-portfolio may be found on <https://eportfolio.borzamalta.com.mt/Help>.

4. Applications in the name and for the benefit of minors shall be allowed provided that the applicant already holds an MSE account. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption proceeds payable to the parents 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 Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years. Section C must be completed 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 Section 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. APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED BY THE MALTA STOCK EXCHANGE IN THE MSE ACCOUNT NUMBER 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 ON THE APPLICATION FORM. A SEPARATE REQUEST BY THE APPLICANT TO THE MSE TO CHANGE THESE DETAILS AS RECORDED AT THE MSE WILL HAVE TO BE MADE.
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 the space provided in Section C of the Application Form.
8. Applications must be for a minimum subscription of €2,000 and thereafter in multiples of €1,000 and must be accompanied by the relevant subscription amount in Euro.
9. 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 Issuer 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.
10. 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.
11. The contents of Notes 9 and 10 above do not constitute tax advice by the Issuer and Applicants are to consult their own independent tax advisers in case of doubt.
12. Interest and redemption proceeds will be credited to the account indicated in Section G or as otherwise amended by the Bondholder/s during the term of the Bond. Any refunds due to the Applicant at application stage will also be credited to this account.
13. The Offer Period will open at 08:30 hours on 23 July 2020 and will close at 12:00 hours on 6 August 2020 .
14. By completing and delivering an Application Form you (as the Applicant(s)) acknowledge that:
  - a. the Issuer 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 Issuer 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 Issuer.

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

# APPLICATION FORM B

FOR GO PLC EMPLOYEES



Form Number : B

IN RESPECT OF THE ISSUE OF €40,000,000 4% UNSECURED BONDS 2030 OF A NOMINAL VALUE OF €1,000 PER BOND ISSUED AT PAR (THE "BONDS") BY CABLENET COMMUNICATION SYSTEMS PLC (THE "ISSUER")

## A. APPLICANT DETAILS

Name and Surname:	MSE Account Number:
Address:	ID Document No/Co Reg No:
	Document Type (ID/Passport/etc): <i>(mandatory for individuals)</i>
Nationality: <i>(mandatory for individuals)</i>	Country of Issue of ID Document: <i>(mandatory for individuals)</i>
Date of Birth: <i>(mandatory for individuals)</i>	Telephone No:
Email:	Mobile No: <i>(mandatory for e-Portfolio facility)</i>

I/We wish to register for the Malta Stock Exchange's **e-Portfolio facility** and hereby authorize the Registrar to apply on my/our behalf

## B. ADDITIONAL ACCOUNT HOLDER DETAILS (IN CASE OF JOINT ACCOUNTS)

Name and Surname:	ID Document No:
Nationality: <i>(mandatory for individuals)</i>	Document Type (ID/Passport/etc): <i>(mandatory for individuals)</i>
Date of Birth: <i>(mandatory for individuals)</i>	Country of Issue of ID Document: <i>(mandatory for individuals)</i>

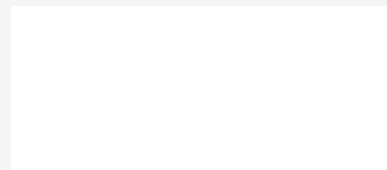
## C. DECISION MAKER / LEGAL GUARDIAN DETAILS (WHERE APPLICABLE)

Where the decision to apply for the Bonds is made by a third-party on behalf of the Applicant/s, such as attorneys, portfolio management companies, or parents/legal guardians in the case of minors, completion of all the below information in respect of **each** decision maker is **mandatory**:

### Decision Maker / Parent / Legal Guardian 1 Details

Name/Company Name of Decision Maker: <i>(Mandatory)</i>	Surname of Decision Maker: <i>(Mandatory where the decision maker is an individual)</i>
Nationality: <i>(Mandatory where the decision maker is an individual)</i>	ID Document Number: <i>(Mandatory where the decision maker is an individual)</i>
Document Type (ID Card/Passport/etc): <i>(Mandatory where the decision maker is an individual)</i>	Country of Issue of ID Document: <i>(Mandatory where the decision maker is an individual)</i>
Date of Birth: <i>(Mandatory where the decision maker is an individual)</i>	
LEI (Legal Entity Identifier): <i>(Mandatory for non-individuals including companies/partnerships/organisations/trusts/foundations/religious orders/etc)</i> <i>(The LEI must be valid (unexpired) as at the date of listing of the Bonds)</i>	

AUTHORISED FINANCIAL INTERMEDIARY STAMP:





**Decision Maker / Parent / Legal Guardian 2 Details**

Name/Company Name of Decision Maker: <i>(Mandatory)</i>	Surname of Decision Maker: <i>(Mandatory where the decision maker is an individual)</i>
Nationality: <i>(Mandatory where the decision maker is an individual)</i>	ID Document Number: <i>(Mandatory where the decision maker is an individual)</i>
Document Type (ID Card/Passport/etc): <i>(Mandatory where the decision maker is an individual)</i>	Country of Issue of ID Document: <i>(Mandatory where the decision maker is an individual)</i>
Date of Birth: <i>(Mandatory where the decision maker is an individual)</i>	
LEI (Legal Entity Identifier): <i>(Mandatory for non-individuals including companies/partnerships/organisations/trusts/foundations/religious orders/etc) (The LEI must be valid (unexpired) as at the date of listing of the Bonds)</i>	

**D. I/WE APPLY TO PURCHASE AND ACQUIRE****Application must be for a minimum of €2,000 and multiples of €1,000 thereafter**

NUMBER OF BONDS <i>(in figures)</i>	NUMBER OF BONDS <i>(in words)</i>
€	

**E. RESIDENT – FINAL WITHHOLDING TAX (“FWT”) DECLARATION (TO BE COMPLETED ONLY IF THE APPLICANT IS A RESIDENT OF MALTA)**

<input type="checkbox"/> I/We elect to receive interest NET of 15% FWT	<input type="checkbox"/> I/We elect to receive interest GROSS (i.e. without FWT)
--	--

**F. NON-RESIDENT – DECLARATION FOR TAX PURPOSES (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. BANK DETAILS FOR INTEREST / REDEMPTION / REFUND PURPOSES**

BANK:	ACCOUNT NAME:	SWIFT/BIC CODE:
IBAN:		

**H. SIGNATURE OF APPLICANT/S****(OR APPOINTED ATTORNEY/DECISION MAKER. BOTH PARENTS OR LEGAL GUARDIAN/S ARE/IS TO SIGN IF THE APPLICANT IS A MINOR. ALL JOINT MSE ACCOUNT HOLDERS ARE TO SIGN IN THE CASE OF JOINT APPLICATIONS.)**

I/we hereby declare that I/we have understood and accept the Terms and Conditions (as set in the Prospectus) and the instructions for the completion of this Application Form, and am making this application solely on the basis of the Prospectus dated 21 July 2020.

I/we hereby confirm that I/we have paid the necessary funds for this application to the Authorised Financial Intermediary.

I/We hereby authorize the Authorised Financial Intermediary and the Registrar of the Bond Issue, on behalf of the Issuer, to forward all my/our details to the Malta Stock Exchange for the purposes of registering the Bonds in my/our MSE account, to register for the e-Portfolio facility (if applicable), and to enable the reporting of all necessary transaction and personal information provided in this form to the Malta Financial Services Authority as competent authority (“**Transaction Reporting**”). Furthermore, I/we understand and acknowledge that the Registrar and/or the Authorised Financial Intermediary may require additional information for Transaction Reporting purposes.

Signature	Signature	Date
Name and Surname	Name and Surname	

## NOTES ON HOW TO COMPLETE THIS APPLICATION FORM AND OTHER INFORMATION

The following notes are to be read in conjunction with the Prospectus dated 21 July 2020 regulating the Bond Issue

1. This Application is governed by the general Terms and Conditions of Application contained in Prospectus dated 21 July 2020. 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 Section F must be completed.
3. The MSE account number pertaining to the GO Employee must be completed in Section A. If an MSE account pertains to more than one person, the full details of all individuals must be given in Sections A and B but the person whose name appears in Section A shall, for all intents and purposes, be deemed to be the registered holder of the Bonds.

Upon submission of an Application Form, Applicants who opt to have an online e-portfolio facility (by marking the relative box in Section 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 Applicant'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 details on the e-portfolio may be found on <https://eportfolio.borzamalta.com.mt/Help>.

4. Applications in the name and for the benefit of minors shall be allowed provided that the applicant already holds an MSE account. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption proceeds payable to the parents 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 Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years. Section C must be inserted with full details of the parents/legal guardians.
5. APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED BY THE MALTA STOCK EXCHANGE IN THE MSE ACCOUNT NUMBER 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 ON THE APPLICATION FORM. A SEPARATE REQUEST BY THE APPLICANT TO THE MSE TO CHANGE THESE DETAILS AS RECORDED AT THE MSE WILL HAVE TO BE MADE.
6. 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 the space provided in Section C of the Application Form.
7. Applications must be for a minimum subscription of €2,000 and thereafter in multiples of €1,000 and must be accompanied by the relevant subscription amount in Euro.
8. Only Applicants who hold a valid official Maltese Identity Card 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 Issuer 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.
9. 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.
10. The contents of Notes 8 and 9 above do not constitute tax advice by the Issuer and Applicants are to consult their own independent tax advisers in case of doubt.
11. Interest and redemption proceeds will be credited to the account indicated in Section G or as otherwise amended by the Bondholder/s during the term of the Bond. Any refunds due to the Applicant at application stage will also be credited to this account.
12. The Offer Period will open at 08:30 hours on 23 July 2020 and will close at 12:00 hours on 6 August 2020 .
13. By completing and delivering an Application Form you (as the Applicant(s)) acknowledge that:
  - a. the Issuer 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 Issuer 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 Issuer.

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

## ANNEX III – FINANCIAL ANALYSIS SUMMARY



Rizzo Farrugia & Co (Stockbrokers) Ltd  
Airways House, Fourth Floor, High Street, Sliema SLM1551, Malta  
T. +356 22583000 E. info@rizzofarrugia.com W. www.rizzofarrugia.com

The Board of Directors

**Cablenet Communication Systems plc**

Nimeli Court, Block A, Floor 2,  
41-49 Ayiou Nicolaou Street,  
Engomi, 2048,  
Nicosia, Cyprus

21 July 2020

Dear Sirs,

**Cablenet Communication Systems plc – Financial Analysis Summary (the “Analysis”)**

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

The purpose of the Analysis is that of summarising key financial data appertaining to Cablenet Communication Systems plc (a public limited liability company registered under the laws of Cyprus bearing company registration number HE 137520) (the “Company” or “Issuer”). The data is derived from various sources or is based on our own computations and analysis of the following:

- a. Historic financial data for the three years ended 31 December 2017 to 2019 has been extracted from the Issuer’s audited statutory financial statements for the three years in question, as and when appropriate.
- b. The forecast data for the financial year ending 31 December 2020 has been provided by management of the Issuer.
- c. Our commentary on the results of the Issuer and on the respective financial position is based on the explanations provided by the Issuer.
- d. The ratios quoted in the Financial Analysis Summary have been computed by us applying the definitions as set out and defined within the Analysis.
- e. Relevant financial data in respect of competitors as analysed in part D has been extracted from public sources such as the web sites of the companies concerned or financial statements filed with the Registrar of Companies.

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

Yours sincerely,

**Vincent E Rizzo**  
Director

## FINANCIAL ANALYSIS SUMMARY



Prepared by Rizzo, Farrugia & Co (Stockbrokers) Ltd, in compliance with the Listing Policies issued by the Malta Financial Services Authority, dated 5 March 2013.

21 July 2020



# CONTENTS

IMPORTANT INFORMATION	78
LIST OF ABBREVIATIONS	78
PART A BUSINESS & MARKET OVERVIEW UPDATE	79
PART B FINANCIAL ANALYSIS	85
PART C LISTED SECURITIES	94
PART D COMPARATIVES	95
PART E GLOSSARY	96

## IMPORTANT INFORMATION

### PURPOSE OF THE DOCUMENT

Cablenet Communication Systems plc (the "Company", "Cablenet", or "Issuer") is issuing €40 million 4% bonds, maturing in 2030 pursuant to a prospectus dated 21 July 2020 (the "Bond Issue"). In terms of the Listing Policies of the Listing Authority dated 5 March 2013, bond issues targeting the retail market with a minimum subscription level of less than €50,000 have to include a Financial Analysis Summary (the "FAS").

### SOURCES OF INFORMATION

The information that is presented has been collated from a number of sources, including the Company's website ([www.cablenet.com.cy](http://www.cablenet.com.cy)), the audited financial statements for the years ended 31 December 2017, 2018 and 2019 and forecasts for financial year ending 31 December 2020.

Forecasts that are included in this document have been prepared and approved for publication by the directors of the Company, who undertake full responsibility for the assumptions on which these forecasts are based.

Wherever used, FYXXXX refers to financial year covering the period 1st January to 31st December. The financial information is being presented in thousands of Euro, unless otherwise stated, and has been rounded to the nearest thousand.

### ABBREVIATIONS

<b>IoT</b>	Internet of Things
<b>FTTH</b>	Fibre-To-The-Home
<b>WAN</b>	Wide Area Network
<b>VPN</b>	Virtual Private Network
<b>PABX</b>	Private Automatic Branch Exchange
<b>SMS</b>	Short Message Service
<b>MNO</b>	Mobile Network Operator
<b>IFRS</b>	International Financial Reporting Standards
<b>ICT</b>	Information & Communication Technology

## PART A BUSINESS AND MARKET OVERVIEW UPDATE

### 1. INTRODUCTION

Cablenet Communication Systems plc ("**Cablenet**", the "**Company**" or the "**Issuer**") is a public limited liability company incorporated in Cyprus on 10 April 2003, bearing company registration number HE 137520. The principal activities of the Company include the provision of telecommunication and entertainment services. The Issuer operates exclusively in and from Cyprus.

Cablenet started its operations as a cable television provider in Cyprus in 2003. It completed the first stage of its privately-owned cable network in 2007, partially covering the cities of Nicosia, Limassol and Larnaca. Following this investment, the Company started offering its triple-play packages to its clients, comprising analogue TV, fixed telephony and high-speed internet through a single connection.

Further expansion of its network occurred in 2008, enabling the Company to consolidate its position in the market in the industry by offering digital TV and high-speed broadband. It earned its position as the leading provider of high-speed internet provision, by offering the highest speed in the retail market, with 20MB internet speed in 2010, 40MB in 2011 and 100MB in 2012, thanks to its continued investment in its network. Today, Cablenet is able to offer internet speeds exceeding 1 Gbps download per connection, whilst simultaneously supporting multiple high-definition (HD) TV channels.

The Company offers multiple packages to its retail base (approximately 72,000 subscribers) and its corporate clients (approximately 2,500 customers); business services can be tailored to meet the demands and requirements of any type of client, whether small, medium or large business clients.

#### RETAIL SERVICE OFFERINGS

- # SINGLE-PLAY PACKAGE
- # DOUBLE-PLAY PACKAGE
- # TRIPLE-PAY PACKAGE
- # QUATTRO PACKAGE

#### CORPORATE SERVICE OFFERINGS

- # INTERNET
- # POINT-TO-MULTIPOINT WAN SERVICES
- # CLOUD SERVICES
- # FIXED TELEPHONY SERVICES

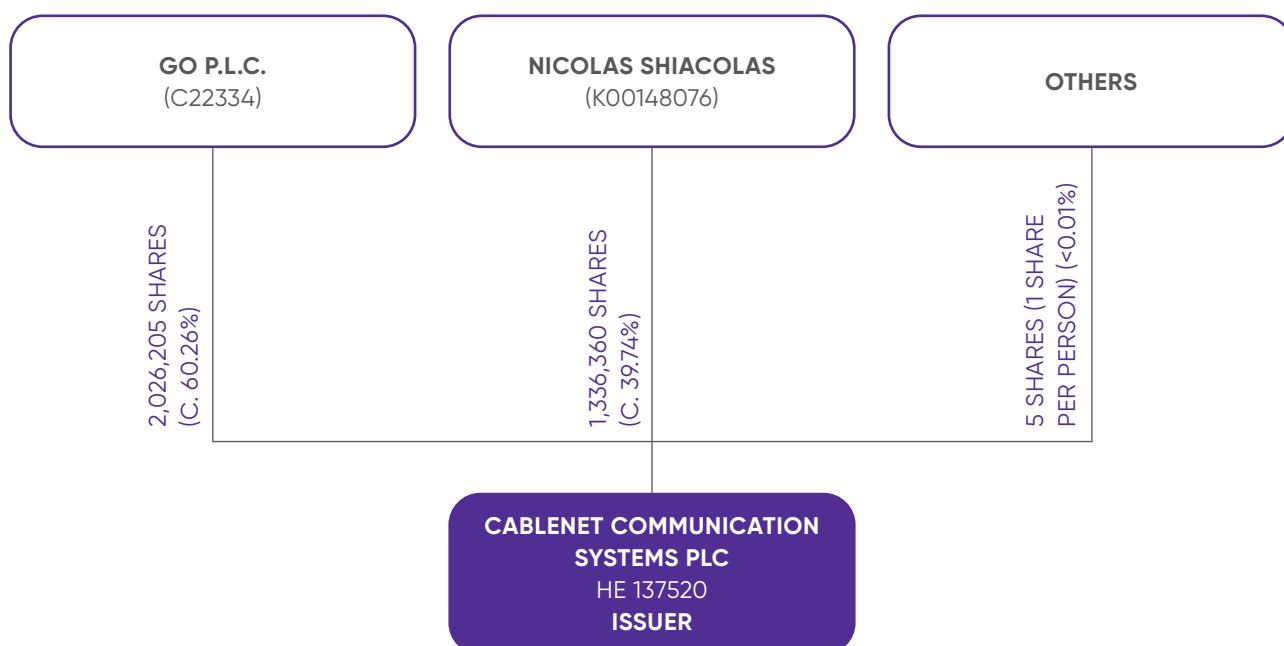
Source: Management Information

In 2017, the Company formulated a business plan to secure exclusive rights for Cypriot football matches for five major teams. In 2018 it concluded an agreement with Primetel, which also has similar rights, to offer the total content of both companies to sports fans. Since July 2019, the Company has been offering the aggregate channels of Cablenet and Primetel, which it packages as add-ons to existing TV packages; it also shares in the revenue from live streaming and public viewing rights of these channels.

The plans for the Company are to continue expanding its fixed network to be in a position to service other areas of Cyprus. Furthermore, as from 2020, the Company will be in a position to also compete effectively on the mobile services front, after the acquisition of suitable mobile spectrum allowing the Company to become an MNO. To avoid having to roll out its own network, Cablenet has entered into a memorandum of understanding with Cyprus Telecommunications Authority ('**CYTA**' - the incumbent service provider in the telecoms industry in Cyprus) to use its infrastructure and network to offer mobile services to its existing and new clients.

### 2. GROUP STRUCTURE

The Company was originally known as Google Consultants Ltd. The name was changed to NV Cable Communication Systems Ltd in 2003 and to Cablenet Communication Systems Ltd in 2006 after being acquired by Mr Nicolas Shiacolas. GO plc was introduced as a shareholder of the Company in 2014, when it acquired a 25% stake. GO's shareholding increased to 60.26% through a combination of a further acquisition of shares and the conversion of shareholder loans. The current shareholding structure is as follows:



### 3. CORPORATE GOVERNANCE AND MANAGEMENT

#### BOARD OF DIRECTORS

The Company's board of directors as at the date of this document comprises the following:

<b>Nikhil Patil</b>	Non-Executive Director
<b>Nicolas Shiacolas</b>	Non- Executive Chairman
<b>Iosif Iosifakis</b>	Executive Director
<b>Periklis Theodoridis</b>	Executive Director
<b>Samir Saied</b>	Non-Executive Director
<b>Faker Hnid</b>	Non-Executive Director
<b>Paul Testaferrata Morani Viani</b>	Non-Executive Director
<b>Neoclis Nicolaou</b>	Non-Executive, Independent Director
<b>Michael Warrington</b>	Non-Executive, Independent Director

The Company Secretary is Dr Francis Galea Salomone.

#### SENIOR MANAGEMENT

The Company's senior management team is composed of the following:

<b>Yiannos F. Michaelides</b>	Chief Executive Officer
<b>Iosif Iosifakis</b>	Chief Financial Officer
<b>Periklis Theodoridis</b>	Chief Commercial Officer
<b>Thomas Hoplaros</b>	Head of Corporate Sales
<b>Michael Pericleous</b>	Head of Technical
<b>Chrystalla Karagiorgi</b>	Head of Human Resources
<b>Yiannos Michaelides</b>	Head of Information Systems



## 4. MATERIAL OPERATIONAL DEVELOPMENTS

### MOBILE – 4G SPECTRUM LICENCE

In June 2019, the Company acquired a licence from the Department of Electronic Communications of Cyprus that allows it to establish and operate a wireless network for the provision of electronic communication services using 4G technology. This licence is valued at €7 million and is for a term of seven years. There are additional charges of €0.7 million as interest due to the staggered payment schedule.

### MOBILE – AGREEMENT WITH CYTA

Instead of developing its own infrastructure to provide mobile services, Cablenet entered into a memorandum of understanding (MoU) with CYTA in February 2020 that would see it sharing access on the mobile network of CYTA for 2G/3G/4G services. The Company is expected to pay approximately €65 million over a span of ten years, the initial seven of which will include a full managed network solution. This will allow Cablenet to offer competitively priced mobile voice and data service and so compete effectively in the market. The agreement also serves as a starting point for cooperation with CYTA on 5G implementation.

### INTERNATIONAL CAPACITY – AGREEMENT WITH CYTA

Cablenet requires international capacity to physically link its Cyprus based network with the rest of the world, in order to provide Internet connectivity. In February 2020, Cablenet entered into an agreement with CYTA to purchase a 5% Right of Use ("**ROU**") on the capacity of a new planned international cable to be landed in Cyprus by CYTA, called Arsinoe (a sub-part of the PEACE cable system linking Europe and Asia). The agreement includes the option to utilise another existing CYTA cable, Alexandros (a sub-part of the TEN cable system linking Europe and Egypt) to provide redundant capacity. The estimated capacity that will be available to Cablenet as a result of this agreement is 800 Gbps and this will cover the requirements of the Company for international capacity for several years. The value of the contract is €8.3 million.

### TV – FOOTBALL RIGHTS & AGREEMENT WITH PRIMETEL

This contract is made up of a number of agreements with Cypriot football clubs which give Cablenet exclusive broadcasting rights for some of the major teams (Anorthosis Famagusta FC, APOEL FC, Ermis Aradippou FC, Karmiotissa Pano Polemidia and Pafos FC). The agreements expire in 2025, but the Company has the right to terminate them unilaterally in 2022. The value of each agreement is dependent on the club's status and game performance. The value in the books of these rights is recognised at €13.6 million as at the end of FY2019.

Furthermore, in July 2018, the Company has also entered into an agreement with Primetel, a peer operating in the same market, which has rights for another two football clubs – FC Omonoia and AEK Larnaca FC. Through this agreement, Primetel and Cablenet agree to provide each other's subscribers with access to the other's football channels.

### TV CONTENT

As can be expected with a company offering TV content services, Cablenet has a variety of agreements in place with a number of content providers. These agreements vary in term and payment basis, with the majority being based on the number of subscribers, while some have a fixed monthly or annual fee.

### LEASES – BUILDINGS AND MOTOR VEHICLES

The Company operates from a number of leased outlets, particularly for sales purposes, office space and warehousing requirements. Currently, it has agreements in place for the lease of 16 properties. Two of these leases extend beyond the term of the Bond Issue, while the other leases have a remaining lease period between one and five years (originally leased for periods between six and ten years).

Furthermore, the Company also leases out a number of vehicles for its various operations, which as at the end of FY2019 amounted to 82 motor vehicles.

In terms of IFRS 16 – Leases, the FY2019 figures include a recognition of the right-of-use (ROU) asset (and a relative liability) relating to these leased properties and motor vehicles.

## 5. MAJOR ASSETS

The Company operates in the telecommunications industry. As a result, Property, Plant & Equipment (PPE) includes €30.5 million of network infrastructure, €3.2 million of furniture, fixtures, equipment and computer hardware and €1.4 million of leasehold buildings and improvements. The intangible assets include football rights and international capacity rights. With regards to the ROU Assets, these comprise leases of offices, warehouses and retail shops across Cyprus used by the Company in its provision of services, as well as leases related to motor vehicles, also used for the purposes of the provision of services. The ROU assets were recognised first in FY2019 as a result of the applicability of IFRS16 related to leases.

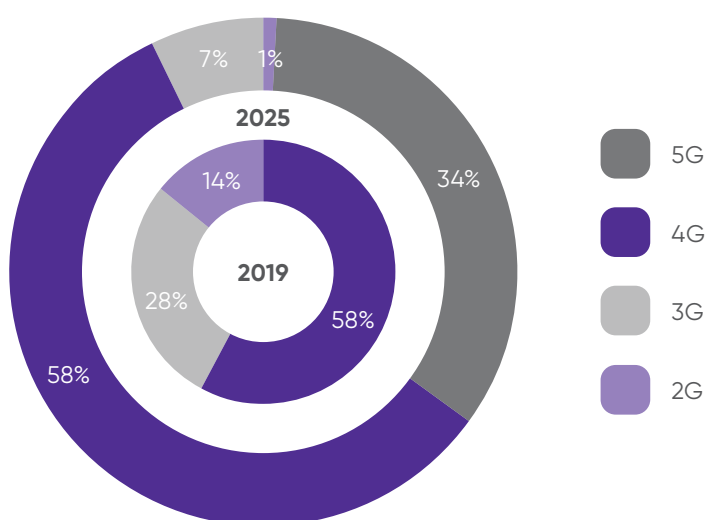
	FY2017	FY2018	FY2019
	€'000	€'000	€'000
PPE	28,584	30,493	35,720
Intangible Assets	12,599	12,937	25,906
Right-of-Use Assets	-	-	3,600
<b>Total Non-Current Assets</b>	<b>41,183</b>	<b>43,430</b>	<b>65,226</b>
<b>Total Assets</b>	<b>45,391</b>	<b>48,922</b>	<b>72,391</b>
<b>NCA / Total Assets</b>	<b>90.7%</b>	<b>88.8%</b>	<b>90.1%</b>

## 6. MARKET OVERVIEW

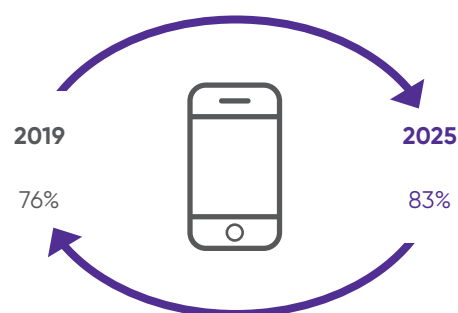
### THE TELECOMS INDUSTRY IN EUROPE

The following is an infographic overview of the current state of play in the telecoms industry now and expectations of how it is likely to evolve of the coming five years. This information has been sourced from GSMA Intelligence, an organisation that represents the interest of mobile operators worldwide, uniting more than 750 operators with almost 400 companies in the broader mobile ecosystem, including handset and device makers, software companies, equipment providers and internet companies, as well as organisations in adjacent industry sectors<sup>1</sup>.

#### TECHNOLOGY MIX



#### SMARTPHONE ADOPTION



#### SUBSCRIBER PENETRATION



<sup>1</sup> <https://data.gsmainelligence.com/api-web/v2/research-file-download?id=51249388&file=2915-260220-Mobile-Economy.pdf>

Connectivity in this day and age is becoming increasingly indispensable, both for businesses and also for the population generally. 5G is the upcoming trend in mobile technology and it is expected to revolutionise also other aspects of the ICT industry. A push towards digitalisation of every aspect in life is increasingly evident – whether it is smart technology in the home, IoT technologies that automate everyday activities such as driving, businesses increasingly offering e-commerce experiences for their clients’ purchasing options, or for example, the deployment of very advanced data analytics by a number of companies to assist in their strategic decision making processes. This digital evolution requires communication and data.

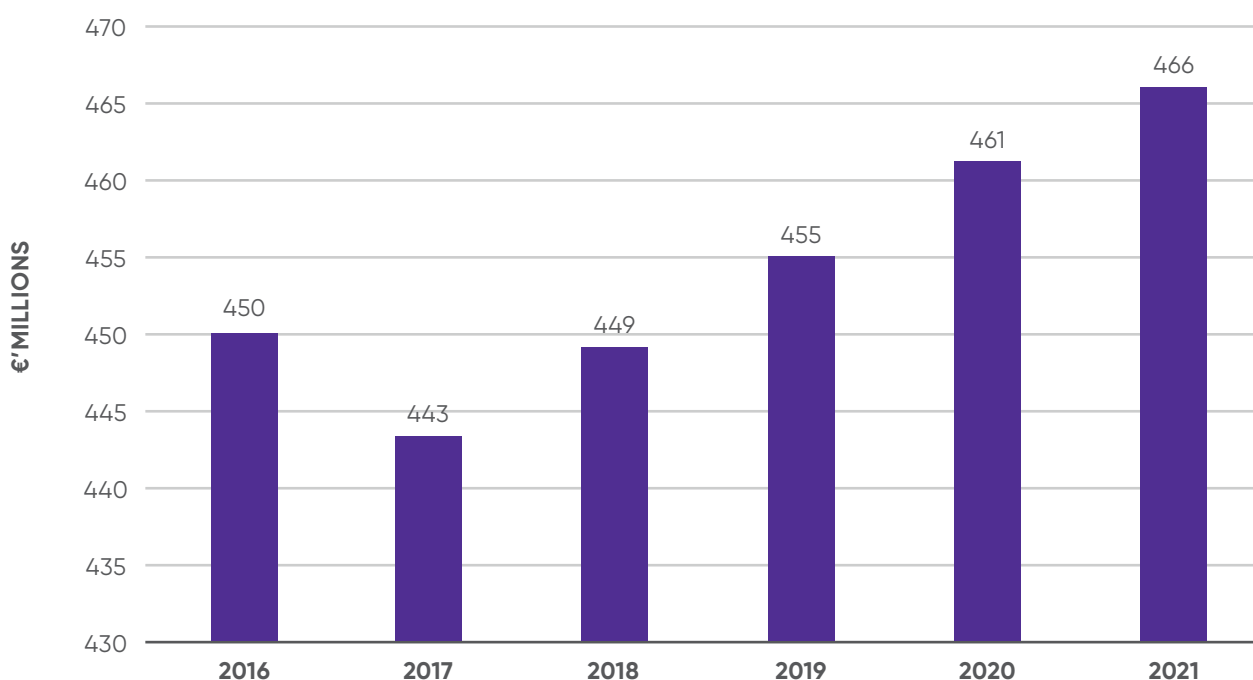
### THE CYPRIOT TELECOMS INDUSTRY

Cyprus has a population of around 1.2 million, spread across a geographical area of 9,300 km<sup>2</sup>. To put this into perspective, the population is almost three times that of Malta, while the geographical area is almost 30 times greater. Cablenet operates in areas that cover approximately 60% of the population of the country, specifically in Nicosia, Larnaca, Limassol and Paphos.

In Cyprus, CYTA, the incumbent state-owned telecommunications company, is the dominant player and manages most telecommunications and internet connections. Following the liberalisation of the telecommunications sector on the island in 2003, a few private telecommunications companies have emerged.

Government expenditure in the telecoms industry over the years and in the next couple of years has been on the increase, as can be seen from the below:

### GOVERNMENT SPEND ON TELECOMS - CYPRUS



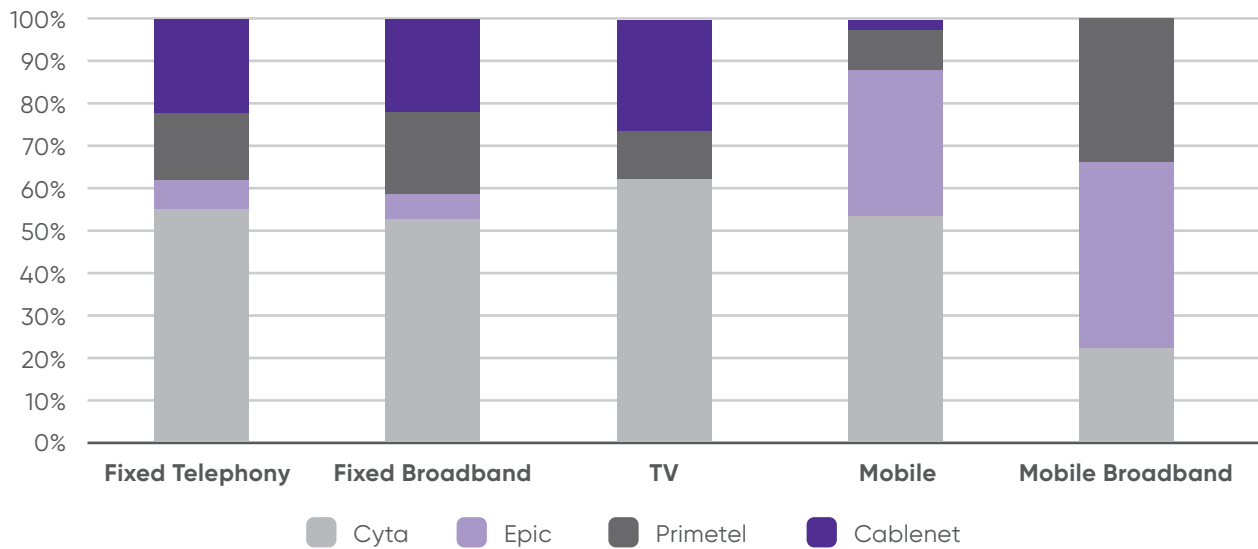
In 2020, the Cypriot government has plans to achieve Internet coverage with a minimum download speed of 30Mbps for all households and businesses in the country. This is considered a necessary milestone for the digitalisation of the island.

Cyprus currently ranks 22nd in the European Commission's 2019 Digital Economy and Society Index (DESI). It utilises a fully digital network consisting of stable connectivity, fibre-optic submarine cables and fibre links dedicated to major international points of presence. 98% of the Cypriot population have access to fixed-line broadband. However, the island lags behind the EU average in ultrafast broadband coverage, its uptake and pricing.

Fixed line telecommunication has seen a decline ever since 2014, as mobile technology become more popular and affordable. As a matter of fact, the island has one of the cheapest call rates of all EU member states. In 2016, the government of Cyprus published a national Cyprus Broadband Plan 2016–2020 wherein it promotes FTTH technologies to become available nationally, improving connectivity and enabling digitalisation of the country.

In terms of market share, split by service offering, the situation as at 2018 has been as follows:

**MARKET SHARE (2018)**



Source: Management Information

**SOURCES USED FOR THE MARKET OVERVIEW:**

- <https://ec.europa.eu/digital-single-market/en/country-information-cyprus>
- <https://ec.europa.eu/digital-single-market/en/news/how-digital-europe-compared-other-major-world-economies>
- <https://ec.europa.eu/digital-single-market/en/desi>
- <https://cyprus-mail.com/2019/10/20/digital-economy-in-cyprus-has-a-long-way-to-go/>
- <https://telecoms.com/502555/europe-unveils-its-digital-grand-plan/>
- <https://www.budde.com.au/Research/Cyprus-Mobile-Infrastructure-Broadband-Operators-Statistics-and-Analyses>
- [https://ec.europa.eu/competition/sectors/telecommunications/overview\\_en.html](https://ec.europa.eu/competition/sectors/telecommunications/overview_en.html)
- [https://en.wikipedia.org/wiki/Telecommunications\\_in\\_Cyprus](https://en.wikipedia.org/wiki/Telecommunications_in_Cyprus)
- <https://data.gsminelligence.com/api-web/v2/research-file-download?id=51249202&file=2901-040220-Market-Structure.pdf>
- <https://data.gsminelligence.com/api-web/v2/research-file-download?id=51249388&file=2915-260220-Mobile-Economy.pdf>
- <https://data.gsminelligence.com/research/research/research-2020/mobile-market-structure-and-performance-in-europe-lessons-from-the-4g-era>
- [https://en.wikipedia.org/wiki/United\\_Nations\\_Buffer\\_Zone\\_in\\_Cyprus](https://en.wikipedia.org/wiki/United_Nations_Buffer_Zone_in_Cyprus)

## PART B FINANCIAL ANALYSIS

### 7. INTRODUCTION TO PART B

#### HISTORICAL FINANCIAL INFORMATION

The following sections provide an overview of the historic financial information of the Company over the past three financial periods ending 31 December 2019 and an outlook for the current financial year ending 31 December 2020.

#### PROJECTIONS AND ASSUMPTIONS

The Company's plans are to continue its network expansion to be able to further penetrate the market and scale its operations accordingly. As a matter of fact, part of the proceeds of the Bond Issue (€14.6 million) will be applied to this effect. The projections included in this financial analysis summary extend only until the end of the current financial year, i.e. 31 December 2020, and as such, would not necessarily show the full impact of the expansion exercise.

Furthermore, during FY2020, Cablenet will be finalising the agreement with CYTA to access the latter's network for mobile services as highlighted earlier in this report. This is a long-term commitment from both parties which would enable Cablenet to offer a more comprehensive package of services to its client base and attract new subscribers through a competitive price plan.

In cognisance of these two strategic moves, the Company is expecting to increase the number of subscribers in FY2020, to improve its market penetration ability, as well as to increase its market share in the addressable market (currently approx. 53% of households).

In addition, the Company will continue offering its sports channels to the existing and new client base. The Company has a right to terminate the agreements with the football clubs in 2022, with the decision needing to be made before the end of 2021.

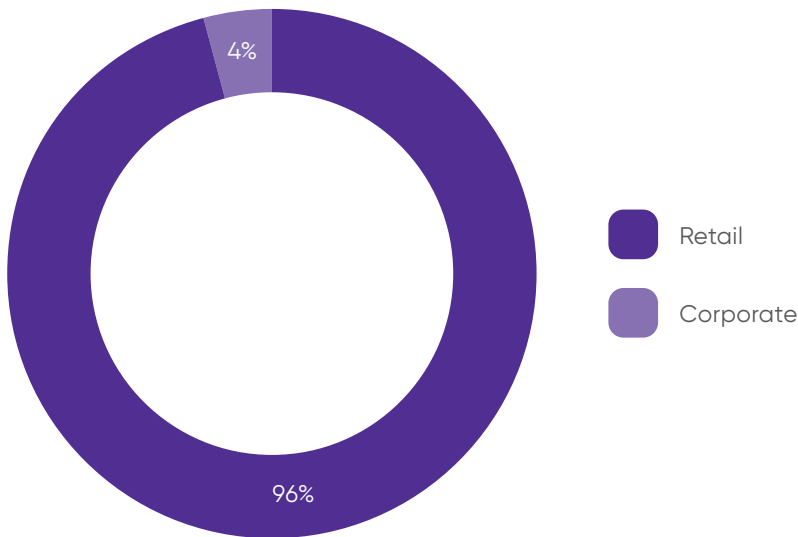
### 8. THE INCOME STATEMENT

INCOME STATEMENT				
YEAR ENDED 31 DECEMBER	2017(A)	2018(A)	2019(A)	2020(F)
	€'000	€'000	€'000	€'000
Revenue	30,983	33,448	39,845	43,315
Direct Costs	(8,778)	(8,970)	(12,852)	(12,025)
<b>Contribution</b>	<b>22,205</b>	<b>24,478</b>	<b>26,993</b>	<b>31,290</b>
Operating Costs	(10,336)	(11,449)	(12,426)	(12,709)
Other Income	55	353	196	120
<b>EBITDA</b>	<b>11,924</b>	<b>13,383</b>	<b>14,763</b>	<b>18,701</b>
Depreciation & Amortisation	(8,240)	(8,811)	(13,329)	(20,053)
<b>Operating Profit</b>	<b>3,684</b>	<b>4,572</b>	<b>1,434</b>	<b>(1,352)</b>
Net Finance Costs	(1,283)	(1,181)	(1,294)	(2,055)
<b>Profit Before Tax</b>	<b>2,401</b>	<b>3,391</b>	<b>140</b>	<b>(3,407)</b>
Taxation Expense	(268)	(450)	(80)	(139)
<b>Profit for the Year</b>	<b>2,133</b>	<b>2,941</b>	<b>60</b>	<b>(3,546)</b>
<b>EBITDA</b>	<b>11,924</b>	<b>13,383</b>	<b>14,763</b>	<b>18,701</b>
Operating Profit	3,685	4,572	1,433	(1,352)
Depreciation & Amortisation	8,240	8,811	13,329	20,053

## SERVICE OFFERINGS OF THE COMPANY

Throughout the years, Cablenet has continuously focused on expanding its network coverage, which in turn, allowed it to increase its market share and revenue. Its subscriber base is mainly retail and management confirmed that the Company does not have plans to make any major change to the existing mix, with the focus in the retail segment being the increase in subscriber numbers, whereas in the corporate segment the emphasis is on higher revenue per client account.

### SUBSCRIBERS - FY2019



Source: Management Information

The retail subscribers base is the largest contributor to the Company's revenue. The average number of subscribers increased from just under 59,000 in FY2017 to nearly 68,000 in FY2019. Revenue from this segment is generated through the sale of single and packaged offerings, from a combination of TV, internet and fixed telephony. During FY2018, Cablenet also offered 'Quattro' packages, which included also an element of mobile, although management explained that this package was no longer advertised in view of the complexities encountered whenever a subscriber wanted to effect a change in one of the components of the package. The relative benefits of combining fixed and mobile services continue to be provided to subscribers by offering discounts to mobile users who also have fixed services with the Company.

Corporate subscribers are offered a variety of telecoms services. Internet services remain the most sought and generate most of the revenue from this segment, which range from simple cable broadband internet services to VPN services, fibre and national and international WAN services. Corporate clients remain consistent users of fixed telephony services and while the retail subscribers are making less use of this service, it is evident that demand from corporate clients for fixed telephony remained constant over the years. The Company also generates additional revenue from the rental of telephony services, such as PABX systems.

To date, mobile services have been offered by the Company through a mobile virtual network operator contract it has with CYTA. Through this contract, Cablenet may offer its prepaid and post-paid mobile services to consumers and makes use of CYTA's network for voice, SMS and data. This contract is costed on a usage basis and as such was not heavily promoted, due to the resulting relatively low margins. New developments in this regard are explained further in section 4.

## REVENUE &amp; CONTRIBUTION ANALYSIS

REVENUE & CONTRIBUTION	FY2017	FY2018	FY2019
	€'000	€'000	€'000
Revenue	30,983	33,448	39,845
Direct Costs	(8,778)	(8,970)	(12,852)
<b>Contribution</b>	<b>22,205</b>	<b>24,478</b>	<b>26,993</b>
<b>Contribution Margin</b>	<b>71.7%</b>	<b>73.2%</b>	<b>67.7%</b>

The Company's revenue increased from €31 million in FY2017 to €40 million in FY2019, representing a CAGR of 13.4% p.a. Contribution (Gross Profit less any Depreciation & Amortisation) increased from €22.2 million in FY2017 to €27.0 million in FY2019, remaining stable across the period at around the 70% mark, albeit a slight decrease is noted in the percentage contribution in FY2019, which is attributable to the additional direct costs incurred in relation to the football rights, as these did not generate the revenue levels anticipated by the Company's management.

## EBITDA, OPERATING COSTS &amp; OTHER INCOME

The Company's operating costs, included in the financial statements as cost of sales, administrative costs and selling and distribution costs, comprise approx. 66% of its total costs, with the remaining third being depreciation and amortisation charges.

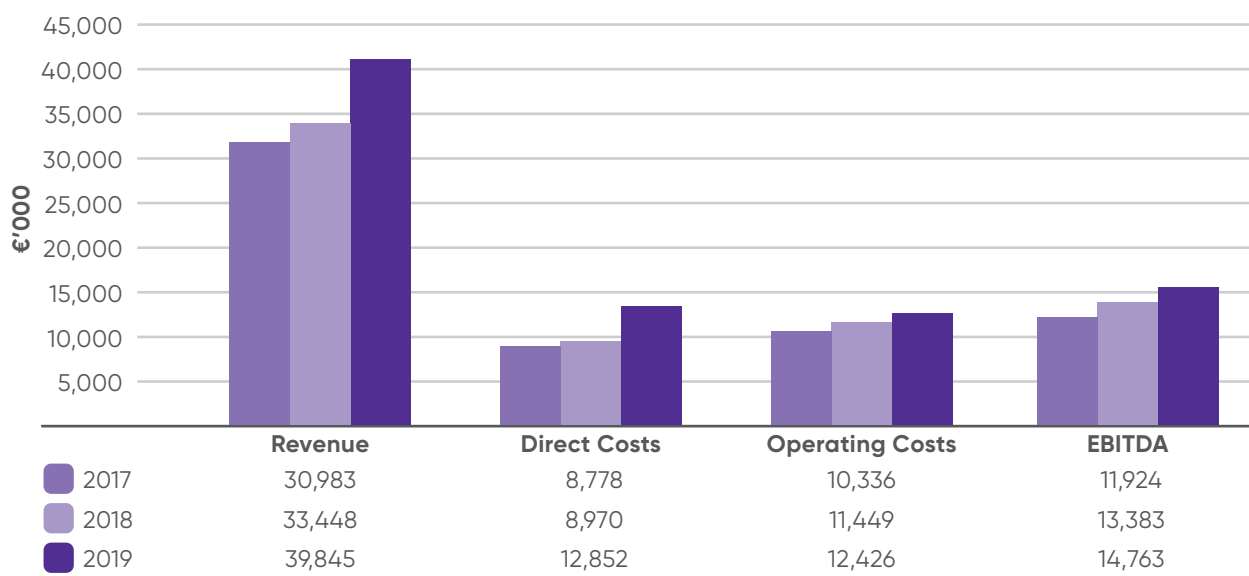
The Company's direct costs increased over the period under review from €8.8 million in FY2017 to €12.9 million in FY2019. Such costs include those incurred for TV content, which are based on various agreements that Cablenet has with a number of channels for it to broadcast those TV channels on its platform, as well as fees related to its football broadcasting rights as from FY2019. Also included are fees related to Internet capacity that allow the Company to offer Internet within its packaged deals and/or on its own, collocation costs related to its fixed telephony services offering, utility expenses for the provision of its services and consumables that the Company needs for its network and similar equipment.

Other than direct costs, another substantial cost component that the Company has is related to its human resources employed within administrative capacity and sales & distribution. This cost component increased from €4.9 million in FY2017 to €6.3 million in FY2019, reflecting an increase in staff complement from 263 to 335, respectively.

Other Income includes a mix of subsidies that the Company could avail itself of, such as termination fees on subscriber contracts, any gain from the sale of equipment to its client base, as well as recovery of any bad debts previously written off.

After accounting for the above costs and other income, the Company' EBITDA registered an increase of 23.8% from €11.9 million back in FY2017 to €14.8 million in FY2019 (representing CAGR of 11.3%).

## REVENUE, DIRECT COSTS, OPERATING COSTS & EBITDA



## DEPRECIATION AND AMORTISATION

A large cost component for the Company are the non-cash charges relating to Depreciation and Amortisation ('D&A', approximately a third of total operating costs). These charges increased from €8.2 million in FY2017 to €8.8 million in FY2018 and €13.3 million in FY2019. D&A charges were made up of the following components:

DEPRECIATION & AMORTISATION	FY2017	FY2018	FY2019
	€'000	€'000	€'000
<b>Depreciation PPE</b>			
Leasehold buildings & improvements	135	140	148
Network & Machinery	4,724	5,055	5,701
Motor Vehicles	41	67	186
Furniture, Fixtures, Equipment & Computer Hardware	1,750	1,729	1,801
Tools	3	1	9
<b>Depreciation – ROU Assets</b>			
Land & Buildings	-	-	528
Motor Vehicles	-	-	254
<b>Amortisation – Intangible Assets</b>			
Computer Software	273	361	389
International Capacity	1,310	1,454	1,532
Leasehold Rights on Buildings	4	4	7
Football Rights	-	-	2,804
<b>Total Depreciation &amp; Amortisation</b>	<b>8,240</b>	<b>8,811</b>	<b>13,359</b>

The Company continues to invest on its network infrastructure, and as such, this attracts the highest depreciation charge amongst its pool of capital assets. Meanwhile, in FY2019, the Company adopted IFRS 16 and as such, incurred €0.8 million of additional depreciation charge on its RoU assets.

Amortisation is incurred on intangible assets, which until FY2018 consisted mainly of charges on software and international capacity. In FY2019, the contracts of the Company for football rights came into effect; the value of these rights are amortised over the period of useful life of the rights, which is three years. For FY2019 the amount of amortisation for these rights was €2.8 million.



## PROFITABILITY ANALYSIS

Profitability in FY2019 was adversely affected by the increase in the non-financial charges of depreciation and amortisation. As a result, the Company's profit for the year dropped to €60k from €2.9 million in FY2018 and €2.1 million in FY2017.

## OUTLOOK FY2020

A more detailed explanation of Cablenet's future plans is included in sections 4 and 7 of this report. This section only deals with FY2020 expected performance.

Profitability for FY2020 is expected to be affected by the impact of the additional capital expenditure that will result in additional depreciation charges. Furthermore, the Company is also expected to incur a full-year amortisation charge for the football rights (FY2019 comprised only half a year amounting to approximately €6 million).

However, EBITDA in FY2020 is expected to be superior to that of FY2019 at €18.7 million (FY2019: €14.8 million) on the basis of increased revenue, particularly in relation to the Company's plans to offer mobile services which are expected to attract new clients.

Net finance costs are expected to be higher in FY2020, at €2.1 million (FY2019: €1.3 million) on the basis of increased borrowings pursuant to the Bond Issue (borrowings will increase from €22.8 million at the end of FY2019 to €40 million at the end of FY2020).

## 9. STATEMENT OF FINANCIAL POSITION

STATEMENT OF FINANCIAL POSITION				
AS AT 31 DECEMBER	2017(A)	2018(A)	2019(A)	2020(F)
	€'000	€'000	€'000	€'000
<b>ASSETS</b>				
Property, Plant & Equipment	28,584	30,492	35,721	42,081
Right-of-Use Assets	-	-	3,600	10,325
Intangible Assets	12,599	12,938	25,906	22,797
Inventories	9	19	16	16
Trade & Other Receivables	3,605	5,040	6,861	4,223
Current Tax Assets	42	-	-	-
Bank Deposits & Cash in Hand	552	433	287	8,296
<b>TOTAL ASSETS</b>	<b>45,391</b>	<b>48,922</b>	<b>72,391</b>	<b>87,738</b>
<b>EQUITY &amp; LIABILITIES</b>				
<b>Equity</b>				
Share Capital	4,664	4,664	5,750	5,750
Other Reserves	10,758	10,758	26,394	26,393
Accumulated Losses	(14,884)	(14,608)	(16,041)	(21,645)
<b>Total Equity</b>	<b>538</b>	<b>814</b>	<b>16,102</b>	<b>10,498</b>
<b>Liabilities</b>				
Borrowings	32,611	32,991	22,821	40,000
Lease Liabilities	-	-	3,593	8,784
Trade & Other Payables	12,241	15,108	19,680	20,483
Football Rights Liability	-	-	10,164	7,973
Tax Liabilities	1	9	30	-
<b>Total Liabilities</b>	<b>44,853</b>	<b>48,108</b>	<b>56,288</b>	<b>77,240</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>45,391</b>	<b>48,922</b>	<b>72,391</b>	<b>87,738</b>

## FY2017 – FY2019

### CABLENET'S ASSET BASE

As explained in section 5 of this report, the Company's asset base features the investment carried out during the years on the network infrastructure, representing €35.7 million out of the €72.4 million of total assets by the end of FY2019 (€30.5 million of €48.9 million in FY2018 and €28.6 million of €45.4 million in FY2017). The network infrastructure allows the Company to keep up with technology advances, but also to reach new territories across Cyprus.

In FY2019, Cablenet acquired football rights which at the end of the year were valued at €13.6 million, recognised within Intangible Assets. Other Intangible Assets relate to computer software, international capacity<sup>2</sup> and leasehold rights on buildings.

INTANGIBLE ASSETS	FY2017	FY2018	FY2019
	€'000	€'000	€'000
Computer Software	381	534	587
International Capacity	11,998	12,187	11,400
Leasehold Rights on Buildings	221	217	366
Football Rights	-	-	13,552
	<b>12,600</b>	<b>12,938</b>	<b>25,905</b>

In line with IFRS 16 – Leases, the Company recognised on its balance sheet the lease agreements it has relating to land & buildings and motor vehicles, leased primarily for sales and technical services. The depreciated balance of these assets at the end of FY2019 was of €3.6 million.

Within its asset base, Cablenet has a balance of trade and other receivables (all current) of €6.9 million (as at the end of FY2019), of which €3.3 million were related to trade receivables. Cablenet invoices its retail subscribers one month in advance (pre-paid), while allowing a 30 days' credit to its corporate client base. The remaining €3.6 million comprise mainly of prepayments and deposits the Company made in relation to the services it acquires to be able to repackage these and offer them to its client base.

### LIABILITIES

The Company's liabilities historically consisted of borrowings, trade & other payables as well as current tax liabilities. In FY2019, upon the adoption of IFRS 16 – Leases, the Company recognised on its balance sheet a RoU liability (reflecting the payments due for the leases throughout the term of such leases) and the commitment related to the football rights which materialised in the second half of FY2019.

The Company's total borrowings decreased from €32.6 million in FY2017 to €22.8 million in FY2019 as a result of a capitalisation of part of the debts (and accrued interest) by GO plc, which led to the latter increasing its shareholding in the Company to 60.26%.

BORROWINGS ANALYSIS	FY2017	FY2018	FY2019
	€'000	€'000	€'000
Current Borrowings	2,122	3,497	5,459
of which shareholders' loans	41	627	-
Non-Current Borrowings	30,489	29,494	17,363
of which shareholders' loans	15,600	15,080	4,585*
<b>Total Debt</b>	<b>32,611</b>	<b>32,991</b>	<b>22,822</b>
Cash & Equivalents	552	433	287
<b>Net Debt</b>	<b>32,059</b>	<b>32,558</b>	<b>22,535</b>

\*During FY2019, GO plc capitalised €16.7 million worth of loans and accrued interest.

<sup>2</sup> International capacity refers to the internet capacity line which allows Cablenet to offer internet services to its client base.

As at the end of FY2019, the Company had bank borrowings amounting to €17.9 million (FY2018: €17.3 million; FY2017: €17.0 million), which pursuant to the Bond Issue, will be repaid through the bond proceeds.

With regards to trade and other payables, the Company's trade payables registered a notable increase in FY2019, particularly as a result of an increase in capital creditors.

TRADE & OTHER PAYABLES	FY2017	FY2018	FY2019
	€'000	€'000	€'000
Trade Payables	4,264	4,029	7,276
Amounts due to Shareholders (Dividends)	1,155	3,510	5,026
Deferred Subscription Income	1,374	1,654	1,832
Accruals	1,241	1,492	1,157
Refundable Security Deposits on Subscriptions	2,718	2,551	2,770
Other Payables	1,488	1,873	1,620
	<b>12,240</b>	<b>15,109</b>	<b>19,681</b>

The other two main liability items included on Cablenet's balance sheet for the first time in FY2019 refer to the IFRS 16 treatment of the leases and football rights (refer to section 4).

## EQUITY BASE

The Company's equity base increased to €16.1 million in FY2019 (FY2018: €0.8 million; FY2017: €0.5 million) on the back of the capitalisation of loan and accrued interest owed to GO plc. As a result of this capitalisation, the Company recognised an increase of €1.1 million to share capital and €15.6 million to the share premium reserve. Cablenet has negative retained earnings (accumulated losses) which are the result of reported losses in the initial years of the Company. Since then, the Company has been reporting profitable results. As per Cypriot tax laws, Cablenet is required to declare at least 70% of its profits as dividends within two years. In the period FY2017 to FY2019, the dividends declared to the shareholders have been credited to the shareholders' current account (FY2019: €5 million; FY2018: €3.5 million; FY2017: €1.2 million).

## OUTLOOK FY2020

*A more detailed explanation of Cablenet's future plans is included in sections 4 and 7 of this report. This section only deals with FY2020 expected performance.*

Cablenet's total asset base is expected to increase by 21% to €87.7 million, reflecting the additional capital expenditure put into the network expansion programme and related hardware (c. €9.6 million), international capacity growth (c. €1 million) and software costs (c. €1.9 million). The increase in the cash balances as at the end of FY2020 represent mainly the additional funds available from the Bond Issue proceeds that are to be applied to the network expansion and cash generated from operations (as shall be explained in further detail in section 9 below).

On the liabilities side, borrowings are expected to reflect the additional funds raised through the Bond Issue (the net Bond Issue proceeds of approximately €39.5 million are expected to be used for repayment of bank proceeds [c. €14.4 million], refinancing of shareholders' loans [c. €7.3 million], with the remaining c. €17.8 million going for capital expenditure and general corporate funding).

The Company's equity base continues to be characterised by accumulated losses, which in FY2020 are expected to increase to €21.6 million (FY2019: €16 million) reflecting the loss for the year and additional dividends declared<sup>3</sup>. At the end of FY2020, total equity is expected to stand at €10.5 million (representing 12% of Cablenet's total asset base).

<sup>3</sup> Companies which do not distribute 70% of their profits after tax, as defined by the relevant Cypriot tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 17% will be payable on such deemed dividends to the extent that the ultimate shareholders are both Cyprus tax resident and Cyprus domiciled. Such defence tax is not applicable on dividend distributions made to non-Cypriot shareholders.

## 10. STATEMENT OF CASH FLOWS

STATEMENT OF CASH FLOWS YEAR ENDED 31 DECEMBER	2017	2018	2019	2020
	€'000	€'000	€'000	€'000
Net Cash from Operating Activities	11,570	11,507	15,760	18,371
Net Cash Used in Investing Activities	(9,322)	(11,051)	(20,607)	(23,669)
Net Cash Used in / From Financing Activities	(2,291)	(877)	3,262	17,127
	<b>(43)</b>	<b>(421)</b>	<b>(1,585)</b>	<b>11,829</b>
<b>Cash &amp; Cash Equivalents:</b>				
At the Beginning of the Year	(1,484)	(1,527)	(1,948)	(3,533)
<b>At the End of the Year</b>	<b>(1,527)</b>	<b>(1,948)</b>	<b>(3,533)</b>	<b>8,296</b>

### FY2017-2019

In the past three reporting periods, Cablenet generated a total of €38.8 million in cash from operations. It also maintained and increased its pace of investment in its network infrastructure, in line with its growth strategy, which during the period FY2017 to FY2019 amounted to €29.6 million. In FY2019, the Company also made a payment of €6.2 million for the acquisition of football rights. In order to support this growth in business, the Company had a mix of borrowings from banks and its shareholders.

### OUTLOOK FY2020

*A more detailed explanation of Cablenet's future plans is included in sections 4 and 7 of this report. This section only deals with FY2020 expected performance.*

The cash flow projections of FY2020 reflect the additional cash generated from increased revenue generated by the Company. Investment expenses are expected to increase, as has been discussed in earlier parts of this report and are expected to reach €23.7 million in the current year. The cash flows from financing activities reflect the additional cash flows remaining after the Bond Issue proceeds repay the bank and shareholder loans.

## 11. RATIO ANALYSIS

The following set of ratios have been computed from the Company's figures, both historical and projections.

Note: where the ratios were non-comparable because of a negative return or a negative result, the ratio has been recorded as 'n/a'.

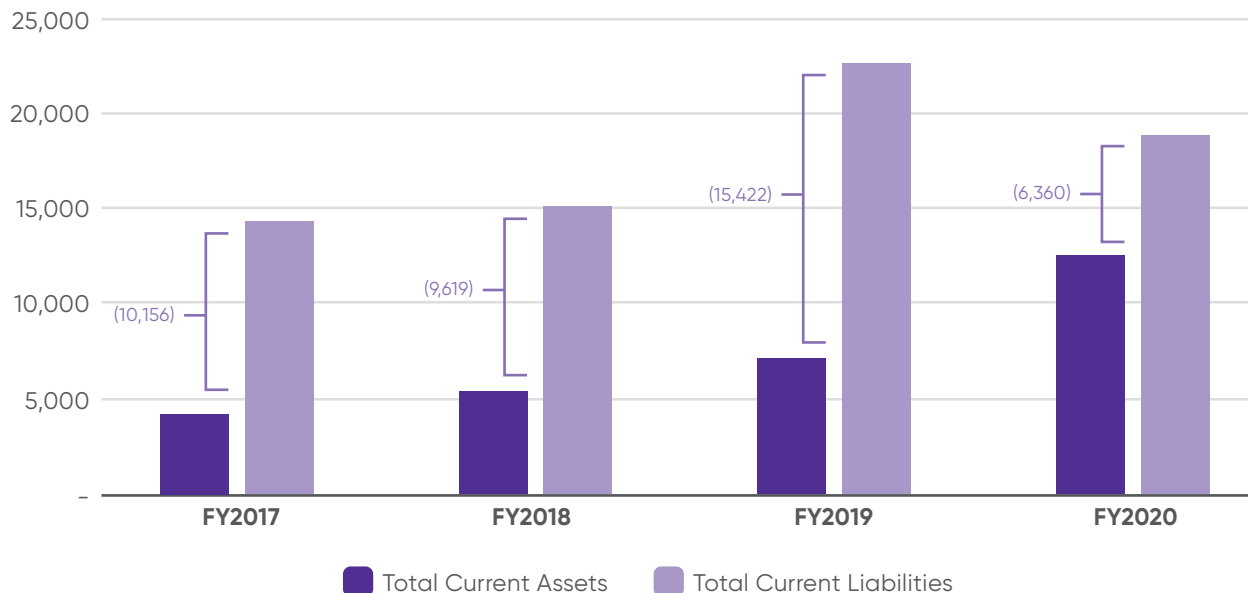
	2017(A)	2018(A)	2019(A)	2020(F)
<b>Contribution Margin</b> (Gross Profit / Revenue)	71.7%	73.2%	67.7%	72.2%
<b>EBITDA Margin</b> (EBITDA / Revenue)	38.5%	40.0%	37.1%	43.2%
<b>Operating Profit Margin</b> (Operating Profit / Revenue)	11.9%	13.7%	3.6%	n/a
<b>Net Profit Margin</b> (Net Profit / Revenue)	6.9%	8.8%	0.2%	n/a
<b>Interest Cover Ratio</b> (EBITDA / Net Finance Cost)	9.30x	11.33x	11.41x	9.10x
<b>Return on Assets</b> (Profit before Tax / Average Assets)	5.4%	7.2%	0.2%	n/a
<b>Return on Equity</b> (Profit for the Period / Average Equity)	396.4%	435.1%	0.7%	n/a
<b>Return on Capital Employed</b> (Profit for the Period / Average Capital Employed)	6.4%	8.8%	0.2%	n/a
<b>Net Debt / EBITDA</b>	2.69x	2.43x	1.53x	1.70x
<b>Gearing Ratio</b> (Total Borrowings / Equity + Borrowings)	98.4%	98.0%	73.0%	75.0%
<b>Gearing Ratio (2)</b> (Net Borrowings / Equity + Net Borrowings)	98.3%	97.6%	58.3%	75.1%
<b>Current Ratio</b> (Current Assets / Current Liabilities)	0.29x	0.36x	0.32x	0.66x
<b>Cash Ratio</b> (Cash & Equivalents / Current Liabilities)	0.04x	0.03x	0.01x	0.44x

Cablenet's gross profit margins are reflective of the business model of telecoms, whereby scale plays a crucial part. Contribution margins across the years under review have been relatively stable and high. In so far as EBITDA margins are concerned, these are also relatively high and stable, expected to increase over the 40% level for the first time in FY2020. However, as discussed earlier in this report, in view of the high levels of depreciation and amortisation charges, Operating Profit and Net Profit Margins shrink accordingly. In fact, due to the additions to the Company's asset base, resulting in a higher depreciation charge, these two metrics will turn negative and will in turn affect the subsequent return ratios for FY2020. Meanwhile, in view of the improved EBITDA and despite the increased interest costs for FY2020, the interest cover ratio of the Company has been and is expected to remain exceptionally strong.

When looking at the gearing structure of the Company, this has been very high, reaching over 90% in FY2017 and FY2018 while reducing to over 70% in FY2019 and FY2020. The recovery noted in FY2019 has been in view of the capitalisation of the loan due to GO plc, boosting equity and concurrently reducing debt.

Over the years, Cablenet invested heavily in its network expansion which as a result, left the Company in net working capital deficient financial position, where its current liabilities have been greater than current assets. This notwithstanding, the Company's shareholders supported it over the years through shareholders' loans and unwithdrawn declared dividends.

### WORKING CAPITAL GAP



Source: Management information

### PART C LISTED SECURITIES

GO plc is the parent company of Cablenet, owning 60.26%. GO plc has its shares listed on the Official List of the Malta Stock Exchange. Details of its listed securities are included hereunder:

Number of shares in issue (as at the date of this FAS): 101,310,488 shares  
 ISIN: MT0000090101

Furthermore, GO plc owns 51% of BMIT Technologies plc, which makes the latter a sister company of Cablenet. The shares of BMIT Technologies plc are also listed on the Official List of the Malta Stock Exchange, details of which are included hereunder:

Number of shares in issue (as at the date of this FAS): 203,595,310  
 ISIN: MT0002130103

## PART D COMPARATIVES

The table below compares the Company's bonds with other local corporate bonds having maturities closest to the Company's bonds. The list excludes issues by financial institutions. The comparative set includes local groups whose assets, strategy and level of operations vary significantly from those of the Company and are therefore not directly comparable. Nevertheless, the table below provides a sample of some comparatives:

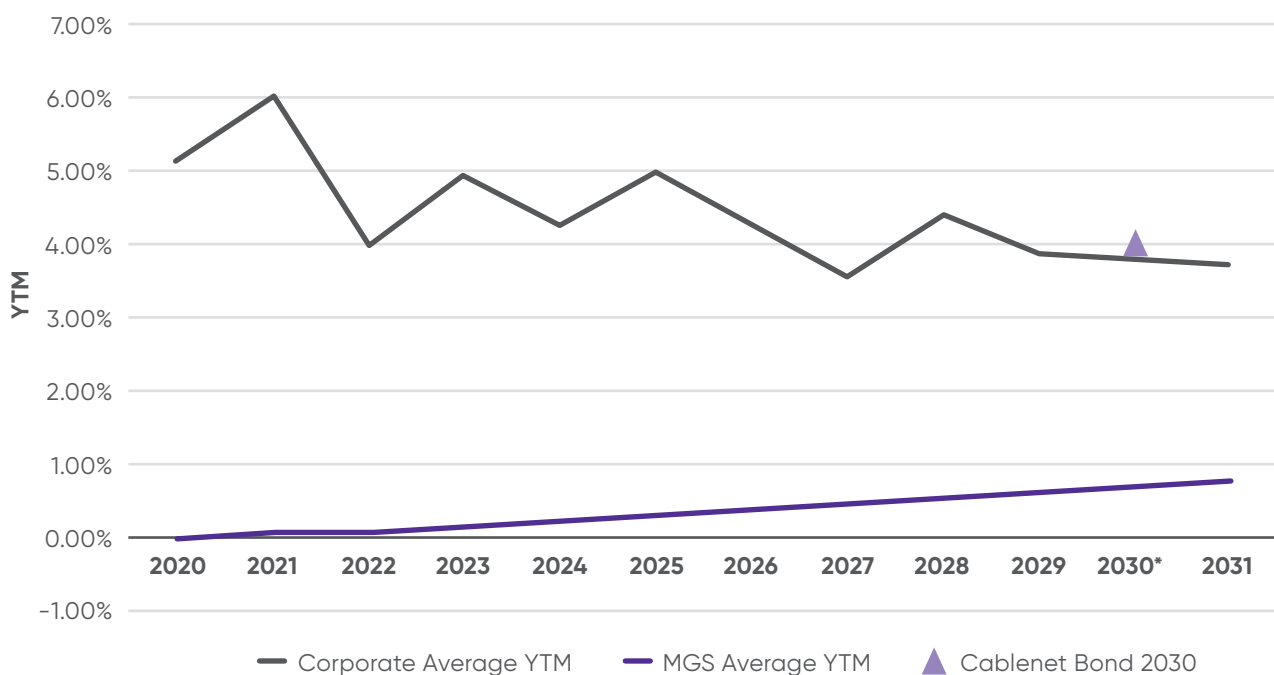
BOND DETAILS	AMOUNTS OUTSTANDING (€'MILLIONS)	GEARING*	NET DEBT TO EBITDA	INTEREST COVER	YTM AS AT 07.07.2020
3.75% Mercury Projects Finance plc 2027 (Secured)	11.5	101.9%	82.88x	0.36x	3.41%
4.00% Stivala Group Finance plc 2027 (Secured)	45.0	38.3%	5.42x	4.75x	3.45%
4.00% SP Finance plc 2029 (Secured)	12.0	40.6%	15.57x	1.35x	3.80%
3.75% Tum Finance plc 2029 (Secured) (Puttable)	20.0	38.1%	1.82x	37.30x	3.62%
3.65% Stivala Group Finance plc 2029 (Secured)	15.0	38.3%	5.42x	4.75x	3.39%
4.25% Mercury Projects Finance plc 2031 (Secured)	11.0	101.98%	82.88x	0.36x	3.79%
<b>4% Cablenet Comm. Sys. plc 2030</b>	<b>40.0</b>	<b>73.0%</b>	<b>1.53x</b>	<b>11.41x</b>	<b>4.00%</b>

Source: Yield to Maturity from *rizzofarrugia.com*, based on bond closing prices of 7 July 2020. Ratios and financial information quoted have been based on the respective issuers' unadjusted published financial data (or their guarantors, where and as applicable)

\*Gearing: (Net Debt / Net Debt + Total Equity)

The following shows the average yield to maturity of listed corporate bonds and MGS covering an eleven year period, and how Cablenet's bond, priced at 4%, compares to such average yields. All the yields presented hereunder are as at 7 July 2020.

### CORPORATE & MGS YTM - AS AT 07.07.2020



\*For the purposes of 2030, given that there are no other listed corporate bonds with a 2030 maturity, the average YTM of 2029 and 2031 average corporate yields was taken.

At 4%, Cablenet's bonds are priced 9 basis points above the estimated YTM for 2030 maturities and at a 338 basis points premium over the average MGS YTM for 2030 maturities.

## PART E GLOSSARY

### INCOME STATEMENT EXPLANATORY DEFINITIONS

<b>Revenue</b>	Total revenue generated by the company from its business activity during the financial year.
<b>EBITDA</b>	Earnings before interest, tax, depreciation and amortization, reflecting the company's earnings purely from operations.
<b>Normalisation</b>	Normalisation is the process of removing non-recurring expenses or revenue from a financial metric like EBITDA, EBIT or earnings. Once earnings have been normalised, the resulting number represents the future earnings capacity that a buyer would expect from the business.
<b>EBIT</b>	Earnings before interest and tax.
<b>Depreciation and Amortization</b>	An accounting charge to compensate for the reduction in the value of assets and the eventual cost to replace the asset when fully depreciated.
<b>Finance Income</b>	Interest earned on cash bank balances and from the intra-group companies on loans advanced.
<b>Finance Costs</b>	Interest accrued on debt obligations.
<b>Net Profit</b>	The profit generated in one financial year.

### CASH FLOW STATEMENT EXPLANATORY DEFINITIONS

<b>Cash Flow from Operating Activities</b>	The cash used or generated from the company's business activities.
<b>Cash Flow from Investing Activities</b>	The cash used or generated from the company's investments in new entities and acquisitions, or from the disposal of fixed assets.
<b>Cash Flow from Financing Activities</b>	The cash used or generated from financing activities including new borrowings, interest payments, repayment of borrowings and dividend payments.

### STATEMENT OF FINANCIAL POSITION EXPLANATORY DEFINITIONS

<b>Assets</b>	What the company owns which can be further classified in Current and Non-Current Assets.
<b>Non-Current Assets</b>	Assets, full value of which will not be realised within the forthcoming accounting year
<b>Current Assets</b>	Assets which are realisable within one year from the statement of financial position date.
<b>Liabilities</b>	What the company owes, which can be further classified in Current and Non-Current Liabilities.
<b>Current Liabilities</b>	Obligations which are due within one financial year.
<b>Non-Current Liabilities</b>	Obligations which are due after more than one financial year.
<b>Equity</b>	Equity is calculated as assets less liabilities, representing the capital owned by the shareholders, retained earnings, and any reserves.

### PROFITABILITY RATIOS

<b>EBITDA Margin</b>	EBITDA as a percentage of total revenue.
<b>Operating Profit Margin</b>	Operating profit margin is operating profit achieved during the financial year expressed as a percentage of total revenue.
<b>Net Profit Margin</b>	Net profit margin is profit after tax achieved during the financial year expressed as a percentage of total revenue.



<b>Return on Equity</b>	Return on equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing profit after tax by shareholders' equity.
<b>Return on Capital Employed</b>	Return on capital employed (ROCE) indicates the efficiency and profitability of a company's capital investments, estimated by dividing operating profit by capital employed.
<b>Return on Assets</b>	This is computed by dividing profit after tax by total assets.

#### LIQUIDITY RATIOS

<b>Current Ratio</b>	The current ratio is a financial ratio that measures whether a company has enough resources to pay its debts over the next 12 months. It compares a company's current assets to its current liabilities.
<b>Cash Ratio</b>	Cash ratio is the ratio of cash and cash equivalents of a company to its current liabilities. It measures the ability of a business to repay its current liabilities by only using its cash and cash equivalents and nothing else.

#### SOLVENCY RATIOS

<b>Interest Coverage Ratio</b>	This is calculated by dividing a company's EBITDA of one period by the company's net finance costs of the same period.
<b>Gearing Ratio</b>	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance a company's assets, and is calculated by dividing a company's net debt by net debt plus shareholders' equity.
<b>Net Debt to EBITDA</b>	This is the measurement of leverage calculated by dividing a company's interest-bearing borrowings net of any cash or cash equivalents by its EBITDA.

#### OTHER DEFINITIONS

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