

This document, which comprises an admission document, required by the rules of Prospects MTF, a market operated by the Malta Stock Exchange (the "MSE" or the "Exchange"), has been drawn up in compliance with the Prospects MTF Rules issued by the Exchange. This document does not comprise a document drawn up in terms of the EU Prospectus Directive (2013/71/EC) or for the purposes of the Listing Rules of the Listing Authority.

## Company Admission Document

Dated 17<sup>th</sup> October 2018

In respect of an issue of

**€5,000,000 5.75% Unsecured Bonds 2025-2028**

of a nominal value of €100 per Bond issued at par by



## Pharmacare Finance plc

Pharmacare Finance plc - A public limited liability company registered in Malta  
with company registration number C 86057

Guaranteed by, Pharmacare Premium Limited - A limited liability company registered in Malta  
with company registration number C 45245

**ISIN: MT0002011204**

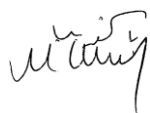
Prospective investors are to refer to the guarantee contained in Annex B of this Admission Document for a description of the scope, nature and term of the guarantee. Reference should also be made to the sections entitled "Risk Factors" for a discussion of certain risk factors, which should be considered by prospective investors in connection with the Bonds and the guarantee provided by Pharmacare Premium Limited.

THE MSE HAS AUTHORISED THE ISSUE OF THIS DOCUMENT. THE MSE DOES NOT GIVE ANY CERTIFICATION, REPRESENTATION, WARRANTY OR GUARANTEE REGARDING THE POTENTIAL RISKS INVOLVED IN INVESTING IN THE SAID SECURITIES OR THE SAFETY OF INVESTING IN SUCH SECURITIES. THE MSE ACCEPTS NO RESPONSIBILITY FOR THE COMPLETENESS OR ACCURACY OF THIS ADMISSION DOCUMENT AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ADMISSION DOCUMENT. THE DIRECTORS OF THE ISSUER, WHOSE NAMES APPEAR UNDER THE HEADING "IDENTITY OF DIRECTORS AND SENIOR MANAGEMENT OF THE ISSUER AND GUARANTOR", ARE THE PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THIS DOCUMENT. TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE DIRECTORS (WHO HAVE ALL TAKEN REASONABLE CARE TO ENSURE SUCH IS THE CASE), THE INFORMATION CONTAINED IN THIS DOCUMENT IS IN ACCORDANCE WITH FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORTANCE OF SUCH INFORMATION. THE DIRECTORS ASSUME FULL RESPONSIBILITY FOR ITS CONTENTS ACCORDINGLY.

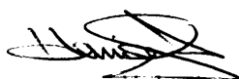
THE MALTA STOCK EXCHANGE (EXCHANGE) HAS AUTHORISED THE ADMISSION OF THESE SECURITIES ON PROSPECTS MTF, A MULTI-LATERAL TRADING FACILITY OPERATED BY THE EXCHANGE. THIS MEANS THAT THE SAID INSTRUMENTS ARE IN COMPLIANCE WITH THE ADMISSION REQUIREMENTS SET OUT IN THE PROSPECTS MTF RULES. IN PROVIDING THIS AUTHORISATION, THE EXCHANGE DOES NOT GIVE ANY CERTIFICATION REGARDING THE POTENTIAL RISKS IN INVESTING IN THE SAID INSTRUMENTS AND SUCH AUTHORISATION SHOULD NOT BE DEEMED OR CONSTRUED AS A REPRESENTATION OR WARRANTY AS TO THE SAFETY OF INVESTING IN SUCH INSTRUMENTS.

INVESTING IN COMPANIES ADMITTED TO PROSPECTS MTF MAY PUT AN INVESTOR'S CASH PARTLY OR WHOLLY AT RISK. SECURITIES ISSUED BY SMALL AND MEDIUM SIZED ENTERPRISES TEND TO BE ILLIQUID AND CARRY HIGHER RISKS. INVESTORS SHOULD THUS SEEK APPROPRIATE ADVICE AND READ THE WHOLE DOCUMENT BEFORE MAKING ANY INVESTMENT DECISIONS. THE VALUE OF INVESTMENTS CAN RISE OR FALL AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. IF YOU NEED ADVICE OR ARE REQUIRED UNDER APPLICABLE LEGISLATION TO SEEK ADVICE WITH RESPECT TO THIS SECURITIES ISSUE, YOU SHOULD CONSULT A DULY LICENSED INVESTMENT ADVISOR.

**APPROVED BY THE DIRECTORS**




**Bassim S.F.  
Khoury Nasr**



**Mr Hani Hubert  
Sarraf**



**Mr Amin  
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**Mr Mark  
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**Mr Louis Borg  
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## IMPORTANT INFORMATION

THIS DOCUMENT CONTAINS INFORMATION ON PHARMACARE FINANCE PLC IN ITS CAPACITY AS ISSUER AND PHARMACARE PREMIUM LIMITED IN ITS CAPACITY AS GUARANTOR, IN COMPLIANCE WITH THE PROSPECTS MTF RULES ISSUED BY THE MALTA STOCK EXCHANGE.

APPLICATION HAS BEEN MADE TO THE EXCHANGE FOR THE BONDS TO BE ADMITTED TO TRADING ON PROSPECTS MTF. PROSPECTS MTF IS A MARKET DESIGNED PRIMARILY FOR EMERGING AND SMALLER COMPANIES TO WHICH A HIGHER INVESTMENT RISK TENDS TO BE ATTACHED. PROSPECTS MTF SECURITIES ARE NOT ADMITTED TO THE OFFICIAL LIST OF THE MALTA STOCK EXCHANGE.

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE ISSUER, THE GUARANTOR OR THEIR RESPECTIVE DIRECTORS TO ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE SALE OF SECURITIES OF THE ISSUER OTHER THAN THOSE CONTAINED IN THIS ADMISSION 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 ISSUER, THE GUARANTOR OR THEIR RESPECTIVE DIRECTORS OR ADVISORS.

**THE MSE ACCEPTS NO RESPONSIBILITY FOR THE COMPLETENESS OR ACCURACY OF THIS ADMISSION DOCUMENT AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ADMISSION DOCUMENT.**

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

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

A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK INDEPENDENT FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY FINANCIAL INSTRUMENTS. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS 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 LEGAL ADVISORS, ACCOUNTANTS AND/OR OTHER FINANCIAL ADVISORS AS TO LEGAL, TAX, INVESTMENT OR ANY OTHER RELATED MATTERS CONCERNING THE BONDS AND THE ADMISSION DOCUMENT.

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

A COPY OF THE ADMISSION DOCUMENT HAS BEEN SUBMITTED TO THE EXCHANGE IN SATISFACTION OF THE PROSPECTS MTF RULES. STATEMENTS MADE IN THIS ADMISSION DOCUMENT ARE, EXCEPT WHERE OTHERWISE STATED, BASED ON THE LAW AND PRACTICE CURRENTLY IN FORCE IN MALTA AND ARE SUBJECT TO CHANGES THEREIN.

ALL THE ADVISORS TO THE ISSUER AND THE GUARANTOR NAMED IN THIS ADMISSION DOCUMENT UNDER THE HEADING "ADVISORS AND STATUTORY AUDITORS" HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER AND THE GUARANTOR 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 ADMISSION DOCUMENT.

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

**THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THE ADMISSION DOCUMENT AS A WHOLE AND SHOULD CONSULT THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISORS.**

## 1. DEFINITIONS

<b>Act or Companies Act</b>	the Companies Act, 1995 (Cap. 386 of the Laws of Malta);
<b>Admission Document or Document</b>	this document in its entirety;
<b>Applicant/s</b>	a person or persons whose name or names (in the case of joint applicants) appear in the registration details of an Application Form;
<b>Application/s</b>	the application to subscribe for Bonds made by an Applicant/s by completing an Application Form and delivering same to the Placement Agent and Manager (defined below) in accordance with the terms of this Admission Document;
<b>Application Form</b>	the form of application for subscription, a specimen of which is contained in Annex D of this Admission Document;
<b>Appropriateness Test</b>	shall have the meaning set out in section 18.16 of this Document;
<b>Bond(s)</b>	€5,000,000 unsecured bonds due in 2028 of a nominal value of €100 per bond bearing an interest rate of 5.75% per annum;
<b>Bondholder</b>	a holder of Bonds;
<b>Bond Issue</b>	the issue of the Bonds;
<b>Bond Issue Price</b>	the price of €100 per Bond
<b>Business Day</b>	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
<b>Calamatta Cuschieri</b>	Calamatta Cuschieri Investment Services Limited, a limited liability company registered under the laws of Malta with company registration number C13729, having its registered office at Europa Business Centre, Triq Dun Karm Psaila, B'Kara, BKR 9034, Malta;
<b>Change of Control</b>	Upon the occurrence of certain "change of control events", the Issuer will be required to offer to repurchase the Bonds at a purchase price equal to 101% of their aggregate principal amount, plus accrued and unpaid interest and additional amounts, if any, to the date of such repurchase. "Change of control events" are defined in section 17.21.
<b>Corporate Advisor</b>	Calamatta Cuschieri;
<b>CSD</b>	the Central Securities Depository of the Malta Stock Exchange authorised in terms of Part IV of the Financial Markets Act (Chapter 345 of the laws of Malta), having its address at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
<b>Directors or Board of Directors</b>	the Directors of the Issuer as set out in Section 7.1;
<b>Early Redemption Date/s</b>	any date falling between (and including) the 29 <sup>th</sup> October 2025 and 29 <sup>th</sup> October 2028, at the sole option of the Issuer, on which the Issuer shall be entitled to repay all or part of the principal amount of the Bonds and all interest accrued up to the date of repayment, by giving thirty (30) days prior written notice of such repayment between the 29 <sup>th</sup> October 2025 and 29 <sup>th</sup> October 2028 (both days included), and "Early Redemption" shall be construed accordingly;
<b>Early Redemption Schedule</b>	In the event that the Early Redemption Date lies between 29 <sup>th</sup> October 2025 and 28 <sup>th</sup> October 2026, the Issuer will be obliged to pay to bondholders a 3% premium on the nominal value of the bonds selected for early redemption (together with interest accrued to the date fixed for redemption). In the event that the Early Redemption Date lies between 29 <sup>th</sup> October 2026 and 28 <sup>th</sup> October 2027, the

	Issuer will be obliged to pay to bondholders a 2% premium on the nominal value of the bonds selected for early redemption (together with interest accrued to the date fixed for redemption). Early Redemption occurring after 29 <sup>th</sup> October 2027 will be redeemed at par.
<b>Euro or €</b>	the lawful currency for the time being of the Republic of Malta and of the Eurozone;
<b>Exchange, Malta Stock Exchange or MSE</b>	Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act (Chapter 345 of the laws of Malta) with company registration number C 42525 and having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
<b>Extended Group</b>	The Extended Group includes Pharmacare Premium Limited and Pharmacare Finance plc (the Group) together with the Immediate Parent Company of the Group (Pharmacare Europe Ltd). It also includes the Ultimate Parent Company (Dar Al Shifa Company Plc) and its ultimate beneficial owners
<b>Financial Markets Act</b>	the Financial Markets Act, Cap. 345 of the Laws of Malta;
<b>FY</b>	Financial Year;
<b>Guarantor</b>	Pharmacare Premium Limited, a company registered and existing under the laws of Malta with company registration number C 45245 and having its registered office situated at HHF 003, HAL FAR INDUSTRIAL ESTATE, HAL FAR, BIRZEBBUGIA BBG 3000, Malta. The shareholding structure of the Group is outlined in Section 9 of this Document
<b>Group or Pharmacare Group</b>	the Guarantor (parent company) as defined above and the Issuer;
<b>Interest</b>	the Bonds shall bear interest from and including 29 <sup>th</sup> October 2018 at the rate of 5.75% per annum payable annually in arrears on the Interest Payment Dates;
<b>Interest Dates</b>	annually, on 29 <sup>th</sup> October of each year commencing on 29 <sup>th</sup> October 2019 and ending with and including the Redemption Date, 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>Issue Period</b>	the period between 19 <sup>th</sup> October 2018 and 26 <sup>th</sup> October 2018 (or such earlier date as may be determined by the Issuer) during which the Bonds are available for subscription;
<b>Issuer or Company</b>	Pharmacare Finance plc, a public limited liability company registered and existing under the laws of Malta with company registration number C 86057 and having its registered office at HHF 003, Hal Far Industrial Estate, Hal Far, Birzebbugia, BBG 3000, Malta;
<b>Listing Authority</b>	the Malta Financial Services Authority, appointed as Listing Authority for the purposes of the Financial Markets Act (Chapter 345 of the laws of Malta) by virtue of Legal Notice 1 of 2003;
<b>Listing Rules</b>	the listing rules issued by the Listing Authority, as may be amended from time to time;
<b>MFSA</b>	the Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act, Cap. 330 of the Laws of Malta;
<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>Placement Agent and Manager</b>	Calamatta Cuschieri;
<b>Prospects MTF</b>	the market regulated as a Multilateral Trading Facility operated by the MSE providing a venue for start-up and growth small to medium-sized enterprises to float their capital (including equity or debt) on the market;
<b>Prospects MTF Rules or Rules</b>	the rules issued by the Board of Directors of the Malta Stock Exchange, in exercise of the powers conferred on it by the Financial Markets Act (Chap. 345 of the Laws of Malta) regulating the Prospects MTF market;

<b>Prospectus Directive</b>	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 and amending Directive 2001/34/EC, as may be amended from time to time;
<b>Prospects MTF List</b>	the list prepared and published by the Malta Stock Exchange as the list indicating the companies admitted to Prospects MTF in accordance with the Malta Stock Exchange Bye-Laws;
<b>Redemption Date</b>	29 <sup>th</sup> October 2028 or an Early Redemption Date
<b>Redemption Value</b>	means the nominal value of each Bond held by the Bondholder, that is one hundred Euro (€100) per Bond, which shall be paid by the Issuer to the Bondholder on the Redemption Date;
<b>Small and medium-sized enterprises or SMEs</b>	an enterprise as defined in section 2 (1) of the Companies Act, Chapter 386 of the laws of Malta, that is, companies which, according to their last annual or consolidated accounts, meet at least two of the following three criteria: an average number of employees, during the financial year, of less than 250; a total balance sheet not exceeding forty-three million euro (43,000,000); an annual net turnover not exceeding fifty million euro (50,000,000);
<b>Suitability Test</b>	shall have the meaning as set out in Section 18.16 of this Admission Document;
<b>Summary</b>	a summary of the salient features of the Document, as contained in the section entitled “Summary”;
<b>Terms and Conditions</b>	the terms and conditions of the Bonds contained in this Document under the heading “Terms and Conditions of the Bonds”.
<b>YOY</b>	Year on Year;

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

Unless it appears otherwise from the context:

- a) words importing the singular shall include the plural and vice-versa;
- b) words importing the masculine gender shall include the feminine gender and vice-versa;
- c) the word “may” shall be construed as permissive and the word “shall” shall be construed as imperative.



## 2. SUMMARY

This Summary should be read as an introduction to the Admission Document. Prospective investors are hereby warned that this Summary is being provided to convey the essential characteristics and risks associated with the Issuer, the Guarantor and the securities being offered pursuant to the Admission Document. It is not and does not purport to be exhaustive and investors are warned that they should not rely on the information contained in this Summary in making a decision as to whether to invest in the securities described in this document. Any decision to invest in the securities should be based on consideration of the Admission Document as a whole by the investor.

### Section A – Information regarding the Issuer and Guarantor

- A.1 Legal and commercial name of the Issuer and Guarantor** - The legal and commercial name of the Issuer is Pharmacare Finance plc (registration number C 86057). The legal and commercial name of the Guarantor is Pharmacare Premium Limited (registration number C 45245).
- A.2 Domicile and legal form of the Issuer and Guarantor** – The Issuer was registered in Malta on the 30<sup>th</sup> April 2018, as a public limited liability company. The Issuer is domiciled in Malta. The Guarantor was registered in Malta as a private limited liability company on the 1<sup>st</sup> October 2008. The Guarantor is domiciled in Malta.
- A.3 Nature of the Issuer's and Guarantor's current operations and its principal activities** - The principal object of the Issuer, which was set up and established to act as a finance company, is to lend and advance money, give credit, grant or provide guarantees, hypothecs, privileges, charges, security interests or other security, exclusively to, or in favour of companies or partnerships which form part of the same group of companies. The issue of bonds falls within the objects of the Issuer.

The principal object of the Guarantor is to develop, register, manufacture and supply pharmaceutical products. It owns and operates a fully licenced state-of-the-art facility in Hal Far specialized in the handling of highly-potent molecules, which are medicines used in cancer treatments and other niche therapeutic categories. The Guarantor is 100% owned by its holding company, Pharmacare Europe Limited (C45191), a limited liability company registered in Malta, which is ultimately owned by Dar Al Shifa plc, listed on the Palestinian Stock Exchange. The Group's operations mainly involve the manufacturing of pharmaceutical products related to the oncology sector. Through the operations of its subsidiary companies, the business of the Group is spread across a number of jurisdictions in the EU, CIS, MENA, LATAM and South-East Asia countries.

- A.4 Shareholding structure** – The Issuer's current authorised share capital is €46,588 divided into 46,588 ordinary shares of €1 each. The Issuer's shares are subscribed and 25% paid up as follows: The Guarantor holds 46,587 shares of the Issuer (25% paid up), 1 share is held by Mr Bassim S. F. Khoury Nasr (25% paid up).

The Guarantor's current authorised share capital is 24,000,000 shares of €1 each and issued share capital is 14,129,161 shares of €1 each, fully paid up. Pharmacare Europe Limited (C45191) is the majority shareholder with 8,635,751 shares. Other shareholders include Mr Hani Hubert Sarraf (1,132,727 shares), Mr Ahmad Salim (Mohammad Said) Sabbagh (645,035 shares), Mahmoud Salim (Mohammad Said) Sabbagh (645,036 shares), (Mohammad Tahseen) Salim Said Sabbagh (670,036 shares), Bassim S.F. Khoury Nasr (990,140 shares), Maximilian Rupprecht Ferdinand Wirtz (282,157 shares) and Paul Michael Wirtz (1,128,279 shares).

- A.5 Significant recent trends** -

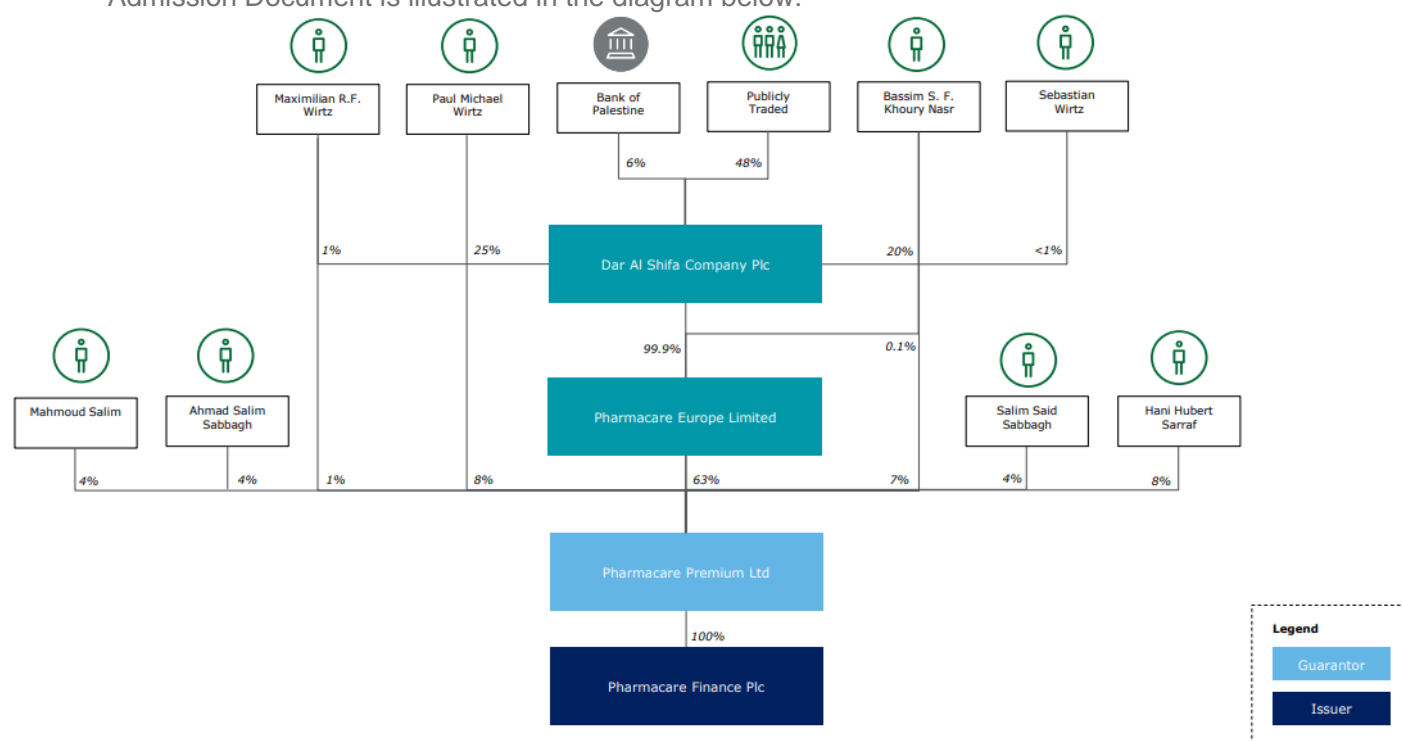
**Trend information of the Issuer:** The Company is a fully owned subsidiary of the Guarantor (except for 1 share), and has been set up to act as a financing company. The Guarantor is the parent company of the Group. Accordingly, the Issuer's business is limited to the raising of capital for the financing of

projects and the loaning of such funds to the Guarantor. There has been no material adverse change in the prospects of the Issuer since the date of its incorporation.

**Trend information of the Guarantor:** A thorough analysis of the status and trends of the World's pharmaceutical market show a clear advantage for the positioning of Pharmacare Premium both technically as an oncology specialist company and commercially through its location in Malta. A brief overview of the pharma market show the following facts:

- The pharmaceutical industry is one of the top 'blue-chip' industries worldwide.
- The global market for pharmaceuticals is estimated at around \$1 Trillion, and is still one of the world's largest growth markets.
- The EU market for pharmaceutical products is estimated at \$165 Billion and is still a growing market due to increased expenditure on health-care, especially in Eastern Europe.
- The market of oncology products has reached \$93.7 Billion worldwide (2016) and is growing faster than any other therapeutic sector at 12.7% CAGR Growth. It is expected to reach \$192.2 Billion by 2022.
- The Generics market makes 10% of the global market and is growing at 6% CAGR.

**A.6 Organisational Structure** - The organisational structure of the Extended Group as at the date of the Admission Document is illustrated in the diagram below:



Source: Management Information

**A.7 Summary of Financial Information** - The Issuer was set up on the 30<sup>th</sup> April 2018 and since its incorporation and up to the date of this Admission Document, no financial statements have been prepared. There has not been any significant change in the financial or trading position of the Issuer, which has occurred since the company's date of incorporation.

The Guarantor's historical financial information for the three financial years ended 31 December 2015, 2016 and 2017, as audited by ECOVIS Malta, is set out in the consolidated financial statements of the Guarantor. The Guarantor's audit reports on the audited consolidated financial statements for the years ended 31 December 2015, 2016 and 2017 do not contain any qualifications. Such audited consolidated financial statements are available at the Guarantor's registered office.

**A.8 Guarantee** - For the purposes of the guarantee, the Guarantor stands surety with the Issuer and irrevocably and unconditionally undertakes to affect the due and punctual performance of all the payment obligations undertaken by the Issuer under the Bonds if the Issuer fails to do so. Accordingly, until such time as the Bonds remain in issue, the Guarantor undertakes to pay on an on-going basis,



interest which may become due and payable during the term of the Bonds and the principal amount of the Bonds on the Redemption Date should the Issuer default in paying the Bondholders under the Bonds. In such cases, the Guarantor would be under an obligation to pay to the Bondholders, upon demand and without the necessity of action first being taken by Bondholders against the Issuer itself, the amount due and payable by the Issuer to such Bondholders. The Guarantor's obligations under the guarantee shall remain in full force and effect until no sum remains payable to any Bondholder pursuant to the issue of the Bonds.

## Section B – The Securities

- B.1 Type and class of securities** – The Issuer shall issue an aggregate of €5,000,000 in Bonds having a face value of €100 per bond, subject to a minimum subscription of €2,000 in Bonds and in multiples of €100 thereafter for the purposes of secondary market trading. 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. On admission to trading on Prospects MTF, the Bonds will have the following ISIN: MT0002011204. The Bonds shall bear interest at the rate of 5.75% per annum. The Bonds shall be repayable in full upon maturity on the 29<sup>th</sup> October 2028 (together with interest accrued to the date) unless previously re-purchased, cancelled or redeemed, provided that the Issuer reserves the right to redeem any one or more of the Bonds or any part thereof on any of the Early Redemption Date/s, as the Issuer may determine with the prior notification to the Exchange on giving not less than thirty (30) days' notice to Bondholder.
- B.2 Currency** - The Bonds are denominated in Euro (€).
- B.3 Transferability** - The Bonds are freely transferable and, once admitted to the Prospects MTF List, shall be transferable only in whole in accordance with the rules and regulations of the MSE applicable from time to time.
- B. 4 Rights attached to the Bonds** - There are no special rights attached to the Bonds other than the right of the Bondholders to:
- the payment of interest;
  - the payment of capital;
  - ranking with respect to other indebtedness of the Issuer in accordance with the provisions of sub-section 17.3 of this Document;
  - attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bond Issue; and
  - enjoy all such other rights attached to the Bonds emanating from the Admission Document.
- B.5 Interest** - The Bonds shall bear interest from and including 29<sup>th</sup> October 2018 at the rate of 5.75% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date, the first Interest Payment Date being 29<sup>th</sup> October 2019, provided that any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day. The gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Bonds at Redemption Date is (5.75%).

Redemption shall take place on the 29<sup>th</sup> October 2028, provided that the Issuer reserves the right to redeem any one or more of the Bonds or any part thereof on any of the Early Redemption Dates, as the Issuer may determine, on giving not less than thirty (30) days' notice to Bondholders.

## Section C – Risks

- C. 1 Essential information on the key risks specific to the Issuer, the Guarantor, the Group and its business**

- i. **Risks relating to the Issuer's reliance on the Group – the Company was incorporated on the 30<sup>th</sup> April 2018 and has no trading record of operations. The Issuer itself does not have any substantial assets and is essentially a special purpose vehicle set up to act as a financing company solely for the needs of the Group, and, as such, its assets are intended to consist primarily of loans issued to Group companies. The Issuer is dependent on the business prospects of the Group and, consequently, the operating results of the Group have a direct effect on the Issuer's financial position. Therefore, the risks intrinsic in the business and operations of Group companies have a direct effect on the ability of the Issuer and the Guarantor to meet their respective obligations in connection with the payment of interest on the Bonds and repayment of principal when due. Accordingly, the risks of the Issuer are indirectly those of the Group, and, in turn, all risks relating to the Group are the risks relevant to the Guarantor.**

**Risks relating to the Group and its business:**

- ii. **Group Indebtedness-The Group's indebtedness could adversely affect its financial position. As a result of the investments made in furtherance of its growth and developments strategy, the Group has accumulated a material amount of debt. The amount of debt funding of the Group is expected to increase due to its new projects, however, the Group's policy is such as to maintain a balanced debt to equity ratio at prudent levels.**
- iii. **Risks relating to currency fluctuations - The Group's operations are in part exposed, in the case of transactions not denominated in Euro, to foreign currency risk on transactions, receivables and borrowings that are denominated in a currency other than the Euro.**
- iv. **Exposure to general market conditions - The health of the market in which the Group operates may be affected by a number of factors such as national economy, political developments, government regulations, changes in planning or tax laws, interest rate fluctuations, inflation, and the availability of financing and yields of alternative investments.**
- v. **Reliance on key clients – Part of the Group's business is dependent on a number of key clients. Failure to retain such key clients or failure to renew such relationships could adversely affect the Group's business. The loss of these relationships could adversely impact the Group's revenue and could substantially affect the operations and financial conditions of the Group.**
- vi. **Risks relating to the Group's dependence on its suppliers - The Group is engaged in the manufacturing of pharmaceutical products, which rely on imported basic raw materials from suppliers. The Group is thus exposed to risks associated with their supply chain, and could be negatively affected by price movements and availability of product. Therefore, any adverse developments in the business performance of such suppliers could materially and adversely affect the occupational and financial condition of the Group's operations.**
- vii. **Reliance on key senior personnel and management - The Group's growth since inception is, in part, attributable to the efforts and abilities of key personnel of the Group. If one or more of these individuals were unable or unwilling to continue in their present position, they may not be replaceable within the short term, which could have an adverse effect on the Group's business, financial condition and results of operations.**
- viii. **Reputational risk - Reputational risk could materially and adversely affect the Group's ability to retain or attract customers, particularly institutional and retail customers, whose loss could adversely affect the Group's operations, financial condition and prospects.**
- ix. **Litigation risk - All industries, including the industry in which the Group operates are subject to legal claims, with and without merit. Defence and settlement costs can be substantial, even with respect to claims that have no merit.**

- x. **Product Development Risk – Failure to demonstrate bio-equivalence of the generic product in a clinical trial may necessitate repeating some development steps leading to cost overruns and possible delays in launch, which could affect the Group’s operations and prospects.**
- xi. **Product Substitutes Risk – Risk of obsolescence of current products and/or portfolio of products as a result of a new more effective drug or class of drugs.**

## C.2 Essential information on the key risks specific to the Bonds

- i. **No Assurance of an active Secondary Market in the Bonds - Only upon successful admission, the Bonds will be traded on a multilateral trading facility but will NOT be traded on any regulated market. Hence the market for the Bonds may be less liquid than a regulated market and a bondholder may find it more difficult to identify willing buyers for their Bonds.**
- ii. **Fluctuations in exchange rate - A Bondholder will bear the risk of any fluctuations in exchange rates between the currency of the Bonds (€) and the Bondholder’s currency of reference, if different.**
- iii. **Additional Indebtedness and Security - The Issuer may incur further borrowings or indebtedness and may create or permit to subsist other security interests upon the whole or any part of its present or future undertakings, assets or revenues (including uncalled capital).**
- iv. **Effect of Future Public Offerings/Takeover/Merger Activity - No prediction can be made about the effect which any future public offerings of the Issuer’s securities, or any takeover or merger activity involving the Issuer, will have on the market price of any of the Bonds prevailing from time to time.**
- v. **Fixed Rate Bonds - The Issuer is entitled to issue Bonds bearing a fixed rate of interest which involves the risk that subsequent changes in market interest rates may adversely affect the market value of the said Bonds. Investors should also be aware that the price of the fixed rate Bonds moves adversely to changes in interest rates.**
- vi. **Discontinuation of Trading on Prospects MTF- Even after the Bonds are admitted to trading on Prospects MTF, the Issuer is required to remain in compliance with certain requirements of the Prospects MTF Rules issued by the Exchange as amended from time to time. Moreover, the MSE has the authority to suspend trading of the Bonds if it comes to believe that such a suspension is required for the protection of investors or the integrity or reputation of the market. The MSE may discontinue the trading of the Bonds on Prospects MTF. Such trading suspensions could have a material adverse effect on the liquidity and value of the Bonds.**
- vii. **Value of the Bonds - The value of investments can rise or fall, and past performance is not necessarily indicative of future performance.**
- viii. **Ranking - The Bonds, as and when issued, shall constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured debt, if any. Furthermore, subject to the negative pledge clause (section 17.4 of this Admissions Document), third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer for so long as such security interests remain in effect.**
- ix. **Terms and Conditions - The Terms and Conditions of the Bonds are based on Maltese law in effect as at the date of this document and a change in Maltese law may have an effect on the terms of the Bonds.**

## Section D – Offer

**D.1 Use of Proceeds** - The proceeds from the Bond Issue shall be transferred from the Company to the Guarantor by means of a loan agreement (See Annex A) and shall be used for the following purposes, in the amounts set out below.

Should subscriptions for a total of at least €3,000,000 (“Minimum Total Amount”) not be received, no allotment of Bonds shall be made, the Applications for Bonds shall be deemed not to have been accepted by the Issuer and all money received from Applicants for Bonds shall be refunded accordingly. In the event that the Minimum Total Amount is reached but the Bond Issue is still not fully subscribed, the Issuer will proceed with the allotment of the amount of Bonds subscribed for and the proceeds shall be used for the following purposes and in the order of priority set out below:

A. Approx. €4,000,000 (or 80% of the net proceeds from the Bond Issue) will be advanced by the Issuer for the purpose of funding 5 product development projects. These projects include the following activities:

- i. Formulation development and reference samples
- ii. Intellectual Property research and assessment
- iii. Clinical trials (Bio-equivalent studies)
- iv. Production of trial, registration and validation batches
- v. Purchasing of any needed equipment and change-parts
- vi. Purchasing of raw materials (especially Active Pharmaceutical Ingredients)
- vii. Dossier compilation and registration (regulatory affairs)

B. Up to €1,000,000 (or 20% of net proceeds from the Bond Issue) will be advanced by the Issuer to the Guarantor for the financing of overheads and general expenses.

**D.2 Subscription** – The Issuer has appointed Calamatta Cuscheri as Placement Agent and Manager for the purposes of this Bond Issue and interested investors may contact the Placement Agent and Manager for the purposes of subscribing to Bonds during the Issue Period. Applications for subscriptions to the Bonds will be processed at the discretion of the Placement Agent and Manager and the offer may close earlier than that indicated in the timetable in the event of over subscription.

The Bonds are open for subscription to all categories of investors, provided that the Placement Agent and Manager shall be required to carry out an Appropriateness Test in respect of each Applicant for the purpose of assessing such Applicant's level of knowledge and experience prior to investing in the Bonds. Applications shall not be accepted by the Placement Agent and Manager unless, based on the results of such Appropriateness Test, the Placement Agent and Manager is satisfied that an investment in the Bonds may be considered appropriate for the Applicant. To the extent that the Placement Agent and Manager is providing advice in respect of a purchase of the Bonds by an Applicant, the Placement Agent and Manager shall also be required to conduct a Suitability Test in respect of the Applicant and, based on the results of such test, be satisfied that an investment in the Bonds may be considered suitable for the Applicant.

The Bond Issue is not underwritten. Should subscriptions for a total of at least €3,000,000 (the “Minimum Total Amount”) not be received, no allotment of the Bonds shall be made, the Applications for Bonds shall be deemed not to have been accepted by the Issuer and all money received from Applicants for Bonds shall be refunded accordingly. In the event that the Minimum Total Amount is reached but the Bond Issue is still not fully subscribed, the Issuer will proceed with the allotment of the amount of Bonds subscribed.

The total amount of €5,000,000 of Bonds is being reserved for subscription by the Placement Agent and Manager participating in the Placement Offer as detailed in Section 17.2 of this Document. The Issuer shall enter into a conditional subscription agreement with the Placement Agent and Manager for

the subscription of Bonds, whereby it will bind itself to allocate Bonds thereto up to the total amount of €5,000,000 as aforesaid.

In terms of said subscription agreement entered into with the Placement Agent and Manager, the Issuer will be conditionally bound to issue, and the Placement Agent and Manager will be conditionally bound to subscribe to, up to the total amount of €5,000,000 of Bonds as indicated therein, each subject to the Minimum Total Amount of €3,000,000 being subscribed.

In terms of the said subscription agreement, the Placement Agent and Manager may subscribe for Bonds for its own account or for the account of underlying customers, including retail customers.

- D.3 Governing Law and Jurisdiction** - The Bonds have been created, and the Bond Issue relating thereto is being made, in terms of the Act. From their inception, the Bonds, and all contractual arrangements arising therefrom, shall be governed by and shall be construed in accordance with Maltese law. Any legal action, suit, action or proceeding against the Issuer arising out of or in connection with the Bonds shall be brought exclusively before the Maltese courts and the Bondholder shall be deemed to acknowledge that it is submitting to the exclusive jurisdiction of the Maltese courts.
- D.4 Fees** - Professional fees and costs related to publicity, advertising, printing, fees relating to the admission to trading on Prospects MTF, registration, corporate advisor, management, selling commission and other miscellaneous expenses in connection with this Bond Issue are estimated not to exceed €50,000 and shall be borne by the Group.
- D.5 Interest of natural and legal persons involved in the Issue** - Save for the subscription for Bonds by the Placement Agent and Manager and any fees payable to the Placement Agent and Manager in connection with the Bond Issue, to the best of the Issuer's knowledge no person involved in the Issue has an interest material to the Bond Issue.

**D.6 Expected Timetable of Principal Events:**

1. Application Forms Available	19 <sup>th</sup> October 2018
2. Issue Period	19 <sup>th</sup> October 2018 to the 26 <sup>th</sup> October 2018
3. Commencement of interest on Bonds	29 <sup>th</sup> October 2018
4. Announcement of basis of acceptance	29 <sup>th</sup> October 2018
5. Issuance of Bonds	29 <sup>th</sup> October 2018
6. Expected date of Admission of the Bonds to Prospects MTF	31 <sup>st</sup> October 2018
7. Expected date of commencement of trading in the Bonds	1 <sup>st</sup> November 2018
8. Expected dispatch of allotment advices and refunds of unallocated monies	2 <sup>nd</sup> November 2018

The Issuer reserves the right to close the offer of the Bonds before 26<sup>th</sup> October at 12:00 CET in the event that the Bonds are fully subscribed prior to the said date and time. In such an eventuality, the events set out in steps three (3) to eight (8) above shall be brought forward although the number of working days between the respective events shall not be altered.



### 3. RISK FACTORS

THE VALUE OF INVESTMENTS, INCLUDING THE BONDS, CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL UPON MATURITY, UNLESS THE BONDS ARE PREVIOUSLY REDEEMED RE-PURCHASED OR CANCELLED. THE ISSUER SHALL REDEEM THE BONDS ON THE REDEMPTION DATE, UNLESS PREVIOUSLY REDEEMED. 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 ADVISORS, THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS, AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THIS ADMISSION DOCUMENT, BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BONDS. SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND THE ISSUER IS NOT IN A POSITION TO EXPRESS ANY VIEWS ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING. THE SEQUENCE IN WHICH THE RISKS BELOW ARE LISTED IS NOT INTENDED TO BE INDICATIVE OF ANY ORDER OF PRIORITY OR OF THE EXTENT OF THEIR CONSEQUENCES. IF ANY OF THE RISKS DESCRIBED BELOW WERE TO MATERIALISE, THEY COULD HAVE A SERIOUS EFFECT ON THE ISSUER'S AND/OR GUARANTOR'S FINANCIAL RESULTS AND TRADING PROSPECTS AND THE ABILITY OF THE ISSUER AND/OR GUARANTOR TO FULFIL THEIR RESPECTIVE OBLIGATIONS UNDER THE SECURITIES ISSUED BY THE ISSUER FROM TIME TO TIME.

THE RISKS AND UNCERTAINTIES DISCUSSED BELOW ARE THOSE IDENTIFIED AS SUCH BY THE DIRECTORS OF THE ISSUER AND GUARANTOR, BUT THESE RISKS AND UNCERTAINTIES MAY NOT BE THE ONLY ONES THAT THE ISSUER AND GUARANTOR FACE. ADDITIONAL RISKS AND UNCERTAINTIES, INCLUDING THOSE WHICH THE ISSUER'S AND/OR GUARANTOR'S DIRECTORS ARE NOT CURRENTLY AWARE OF, MAY WELL RESULT IN A MATERIAL IMPACT ON THE FINANCIAL CONDITION AND OPERATIONAL PERFORMANCE OF THE ISSUER AND/OR GUARANTOR THAT COULD LEAD TO A DECLINE IN VALUE OF THE SECURITIES.

NEITHER THIS ADMISSION DOCUMENT NOR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE BONDS: (I) IS INTENDED TO PROVIDE THE BASIS OF ANY CREDIT OR OTHER EVALUATION, NOR (II) SHOULD BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER, THE GUARANTOR, THE SPONSOR, THE PLACEMENT AGENT & MANAGER THAT ANY RECIPIENT OF THIS DOCUMENT OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE ADMISSION DOCUMENT OR ANY BONDS, SHOULD PURCHASE ANY BONDS ISSUED BY THE ISSUER.

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

#### 3.1 Forward – Looking Statements

The Admission Document contains forward-looking statements that include, among others, statements concerning the Issuer's and Guarantor's strategies and plans relating to the attainment of their respective objectives, capital requirements and other statements of expectations, beliefs, future plans and strategies, anticipated developments and other matters that are not historical facts and which may, accordingly, involve predictions of future circumstances. Prospective investors can generally identify forward-looking statements by the use of terminology such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", or similar phrases. Such forward-looking statements are inherently subject to a number of risks, uncertainties and assumptions, a few of which are beyond the Issuer's and Guarantor's control.

Important factors that could cause actual results to differ materially from the expectations of the Issuer's and/or Guarantor's Directors include those risks identified under this heading "*Risk Factors*" and elsewhere in the Admission Document. If any of the risks described were to materialise, they could



have a serious effect on the Issuer's and/or Guarantor's financial results, trading prospects and the ability of the Issuer and/or Guarantor to fulfil their respective obligations under the securities to be issued.

Accordingly, the Issuer cautions prospective investors that these forward-looking statements are subject to risks and uncertainties that could cause actual events or results to differ materially from those expressed or implied by such statements, that such statements do not bind the Issuer and/or Guarantor with respect to future results and no assurance is given that the projected future results or expectations covered by such forward-looking statements will be achieved.

Prospective investors are advised to read the Admission Document in its entirety and, in particular, the sections entitled "Risk Factors" for a further discussion of the factors that could affect the Issuer's and/or Guarantor's future performance. In the light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in the Document may not occur. All forward-looking statements contained in the Admission Document are made only as at the date hereof.

The value of investments can go up or down and past performance is not necessarily indicative of future performance. The nominal value of the Bonds will be repayable in full upon maturity, unless the Bonds are previously redeemed, re-purchased and cancelled. An investment in the Bonds involves certain risks, including those described below.

### 3.2. General

Authorised financial intermediaries are to determine the suitability of prospective investors' investment in the Bonds in the light of said prospective investors' own circumstances. The Bonds may not be a suitable investment for all investors. In particular, authorised financial intermediaries should determine whether each prospective investor:

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

### 3.3 Risks relating to the Issuer's reliance on the Group

Since the Company was incorporated on 30<sup>th</sup> April 2018, it has no trading record of operations. Furthermore, the Issuer itself does not have any substantial assets and is essentially a special purpose vehicle set up to act as a financing company solely for the needs of the Group, and, as such, its assets are intended to consist primarily of loans issued to Group companies.

The Issuer is dependent on the business prospects of the Group and, consequently, the operating results of the Group have a direct effect on the Issuer's financial position. Therefore, the risks intrinsic in the business and operations of Group companies have a direct effect on the ability of the Issuer and the Guarantor to meet their respective obligations in connection with the payment of interest on the

**Bonds and repayment of principal when due.** Accordingly, the risks of the Issuer are indirectly those of the Group, and, in turn, all risks relating to the Group are the risks relevant to the Guarantor.

Specifically, the Issuer is principally dependent, including for the purpose of servicing interest payments on the Bonds and the repayment of the principal amount on Redemption Date, on income derived from dividends receivable from Group companies and the receipt of interest payments and loan repayments from Group companies.

The interest payments and loan repayments to be affected by Group companies are subject to certain risks. More specifically, the ability of Group companies to affect payments to the Issuer will depend on the cash flows and earnings of such Group companies, which may be restricted: by changes in applicable laws and regulations; by the terms of agreements to which they are or may become party; or by other factors beyond the control of the Issuer and/or Guarantor. The occurrence of any such factor could, in turn, negatively affect the ability of the Issuer and the Guarantor to meet their respective obligations in connection with the payment of interest on the Bonds and repayment of principal when due.

### 3.4 Risks relating to the Group and its business

#### 3.4.1 The Group's indebtedness could adversely affect its financial position

As a result of the investments made in furtherance of its growth and developments strategy, the Group has accumulated a material amount of debt. Although the amount of debt funding of the Group is expected to increase due to its new projects, the Group's policy is such as to maintain a balanced debt to equity ratio at prudent levels. A number of financial covenants that the Group may contract to, could give rise to a reduction in the amount of cash available for distribution to the Group, which would otherwise be available for funding of the Group's working capital, capital expenditure, development costs and other general corporate costs.

#### 3.4.2 Risks relating to currency fluctuations

The Group's operations are in part exposed, in the case of transactions not denominated in Euro, to foreign currency risk on transactions, receivables and borrowings that are denominated in a currency other than the Euro. As a result, exchange gains and losses may arise on the realisation of amounts receivable and the settlement of amounts payable in foreign currencies. The Group can be impacted by transaction risk, being the risk that the currency of the costs and liabilities of Group companies fluctuates in relation to the Euro (being the reporting currency of all Group companies), which fluctuation may adversely affect the Group's operating performance.

#### 3.4.3 Exposure to general market conditions

The health of the market in which the Group operates may be affected by a number of factors such as national economy, political developments, government regulations, changes in regulatory or tax laws, interest rate fluctuations, inflation, and the availability of financing and yields of alternative investments.

#### 3.4.4 Reliance on key clients

Part of the Group's business is dependent on a number of key clients. Failure to retain such key clients or failure to renew such relationships could adversely affect the Group's business. The loss of these relationships could adversely impact the Group's revenue and could substantially affect the operations and financial conditions of the Group.

#### 3.4.5 Risks relating to the Group's dependence on its suppliers

The Group is engaged in the manufacturing of pharmaceutical products, which rely on imported basic raw materials from suppliers. The Group is thus exposed to risks associated with their supply chain, and could be negatively affected by price movements and availability of product. Therefore, any adverse

developments in the business performance of such suppliers could materially and adversely affect the occupational and financial condition of the Group's operations.

#### 3.4.6 Reliance on key senior personnel and management

The Group's growth since inception is, in part, attributable to the efforts and abilities of key personnel of the Group. If one or more of these individuals were unable or unwilling to continue in their present position, they may not be replaceable within the short term, which could have an adverse effect on the Group's business, financial condition and results of operations.

In common with many businesses, the Group will be relying heavily on the contacts and expertise of its senior management teams and other key personnel. Although no single person is solely instrumental in fulfilling the Group's business objectives, there is no guarantee that these objectives will be achieved to the degree expected following the possible loss of key personnel.

#### 3.4.7 Reputational risk

Reputational risk is usually associated with conflicts of interest, regulatory compliance, remuneration systems, professional behaviour of the human resources, reputation and financial soundness of major shareholders, corporate culture, leadership and corporate strategy and its implementation. Reputational risk could materially and adversely affect the Group's ability to retain or attract customers, particularly institutional and retail customers, whose loss could adversely affect the Group's operations, financial condition and prospects. More specifically, reputational harm may result in the loss of market share and revenue, increased compliance costs and higher financing costs, reflecting the perceived increased risks.

#### 3.4.8 Litigation risk

All industries, including the industry in which the Group operates are subject to legal claims, with and without merit. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation and dispute resolution process, there can be no assurance that the resolution of any particular legal proceeding or dispute will not have a material adverse effect on the Group's future cash flow, results of operations or financial condition.

#### 3.4.9 Exposure to economic conditions

The Group is susceptible to adverse economic developments and trends both locally and overseas. Negative economic factors and trends could have a material impact on the business of the Group generally, and may adversely affect its revenues.

#### 3.4.10 Product Development Risk

Failure to demonstrate bio-equivalence of the generic product in a clinical trial may necessitate repeating some development steps leading to cost overruns and possible delays in launch, which could affect the Group's operations and prospects.

#### 3.4.11 Product Substitutes Risk

Risk of obsolescence of current products and/or portfolio of products as a result of a new more effective drug or class of drugs may have a serious negative impact on the business

#### 3.4.12 Cash Burn

The Group is subject to the risks originating from higher than expected cash burn rates. The burn rate relates to the rate at which a company with negative cash flows is utilising its available cash resources. This is a typical risk encountered by companies during their early stages of development and commercialisation. The cash burn rate is a measure of the sustainability of the business and financial plan, in addition to being an indicator of any potential additional funding requirements. The Issuer's financial position and performance is dependent on the operating results of the Guarantor that, in turn, is dependent on the successful commercialisation of the products being developed by it. Delays in

achieving, or the failure to achieve the successful commercialisation and a certain level of revenues and profitability, will increase the risk from elevated levels of cash burn rates.

### 3.4.13 Operational Risk

Any manufacturing or quality control problems may damage the reputation of the Group for high quality products and expose it to litigation or other liabilities, which would indirectly affect the financial position of the Group and the Issuer.

Pharmaceutical technology manufacturers are subject to significant regulatory scrutiny in many jurisdictions which is however, standardised in regions such as Europe. The Group intends to manufacture most of the various pharmaceutical products in Malta. As such, the Group is required to meet various quality standards and specifications (known as the CE rating) and is liable for the quality of the products in terms of law. Upon reaching the market, certain developments may adversely affect demand for the products, including the review of products that are already marketed, new scientific information, greater scrutiny in advertising and promotion, the discovery of previously unknown side effects or the recall or loss of approval of products that the Group manufactures, markets, or sells.

The Group also faces the risk of loss resulting from, and the adverse publicity associated with, manufacturing or quality control problems. Such adverse publicity harms the brand image of the products. The Group may be subject to claims resulting from manufacturing defects or negligence in storage and handling of the products. In certain foreign jurisdictions, the quantum of damages, especially punitive, awarded in cases of product liability can be extremely high. The existence, or even the threat, of a major product liability claim could also damage the Group's reputation and affect customer's views of the other products produced by the Group, thereby adversely affecting the Group's business, operational results and financial condition. Any reputational or brand image loss, for whatsoever reason may lead to a loss of existing business contracts and adversely affect the Group's ability to enter into additional future business contracts.

Any delay in production at, or shutdown of, any of the Group's manufacturing facilities or at any of the third party manufacturing facilities used by the Group, could adversely affect the Group's business, operational results and financial condition.

The success of the Group's manufacturing activities depends on, inter alia, the productivity of the workforce, compliance with regulatory requirements and the continued functioning of the Group's manufacturing processes and machinery. Disruptions in the manufacturing activities could delay production or require the shutdown of the affected manufacturing facility. Moreover, some of the products are permitted to be manufactured at only such facility which has received specific approvals, and any shut down of such facility will result in the Group being unable to manufacture such product for the duration of such shut down. Such an event will result in the Group being unable to meet its contractual commitments, which will have an adverse effect on operational results and the Group's financial condition.

Any disagreements with trade unions could disrupt workforce and adversely affect the business, financial condition and operational results of the Group. The Group may also be subject to manufacturing disruptions due to delays in receiving regulatory approvals, which may require the manufacturing facilities to cease or limit production until the required approvals are received, or disputes concerning these approvals are resolved.

Any interruption at the Group's manufacturing facilities, including natural or man-made disasters, workforce disruptions, regulatory approval delays, fire or the failure of machinery, could reduce the ability to meet the Group's contractual obligations and earnings for the affected period, which could affect the Group's business, results of operations, and financial condition.

#### 3.4.15 Product Liability Claims

The Group is susceptible to product liability claims that may not be covered by insurance which may require substantial expenditure and may adversely affect the reputation of the Group and if successful, could require the Group to pay substantial sums

The Group faces the risk of loss resulting from, and the adverse publicity associated with, product liability lawsuits, whether or not such claims are valid. The Group may also be subject to claims resulting from manufacturing defects or negligence in storage and handling which may lead to the deterioration of its products. Even unsuccessful product liability claims would likely require the Group to incur substantial amounts on litigation, divert management's time, and adversely affect its goodwill and impair the marketability of the products. In addition, the Group cannot be certain that its product liability insurance will, in fact, be sufficient to cover such claims or its policy limits sufficient to cover such claims or that the Group will be able to maintain adequate insurance coverage in the future at acceptable costs. Moreover, the Group may not have taken insurance or may not have vendor extension covers from its partners' insurance policies in the countries into which the products are exported. A successful product liability claim that is excluded from coverage or exceeds the policy limits thereof may require the Group to pay substantial sums and may adversely affect the financial position and operational results of the Group. In addition, insurance coverage for product liability may become prohibitively expensive in the future.

#### 3.4.16 Regulatory Compliance Risk

The Group is subject to a number of regulatory restrictions. If it fails to comply with such regulations, its business, operational results and financial condition could be adversely affected.

The Group operates in a highly regulated industry, and its operations are subject to extensive regulation in each market in which it conducts, or expects to conduct, business. Regulatory authorities in many of these markets must approve these products before the Group or its distribution agents can market them, irrespective of whether these products are approved in Malta or other markets. Applicable regulations have become increasingly stringent, a trend which may continue in the future. The penalties for non-compliance with these regulations can be severe, including the revocation or suspension of any business licences which the Group may hold and the imposition of fines and/or criminal sanctions in those jurisdictions.

Should the Group fail to comply with the applicable statutory or regulatory requirements, there could be a delay in the submission or grant of approval for marketing new products. Moreover, if the Group fails to comply with the various conditions attached to such approvals, licenses, registrations and permissions once received, the relevant regulatory body may suspend, curtail or revoke the Group's ability to market such products.

The Group is also subject to a broad range of safety, health, environmental, labour, workplace and related laws and regulations in the jurisdictions in which it operates or intends to operate, thereby imposing controls on the disposal of materials, noise emissions, air and water discharges, storage, handling, discharge and disposal of chemicals, employee exposure to hazardous substances and other



operational aspects. Complying with, and changes in, these laws and regulations may increase the Group's compliance costs and adversely affect its business, prospects, operational results and financial conditions.

#### 3.4.17 Distribution arrangements

Should the Guarantor be unable to enter into, maintain and increase the number of distribution arrangements of the products, its business, operational results and financial condition could be adversely affected

The Guarantor may not be able to find suitable partners or successfully enter into arrangements on commercially reasonable terms or at all. Additionally, its distribution partners may make important marketing and other commercial decisions concerning the products within the input of the Guarantor. As a result of these arrangements, many of the variables that may affect the Guarantor's business, are not exclusively within its control.

#### 3.4.18 International operations

The international operations of the Group expose it to complex management, legal, tax and economic risks, which could adversely affect its business, operational results and financial condition

The Group operates, through its various entities and/or affiliates, on an international scale. The Group also relies on co-marketing arrangements with companies located in such jurisdictions in order to provide additional marketing opportunities for its products. As a result, the Group is subject to risks related to its international expansion strategy, including risks related to complying with a wide variety of local laws, restrictions on the import and export of certain intermediaries, technologies, multiple tax and cost structures, cultural and language factors.

Additionally, the accounting standards, tax laws and other fiscal regulations in the jurisdictions within which the Group operates in are subject to differing interpretations. Due to its limited operational history in these international jurisdictions, the applicability of the different accounting and taxation standards are subject to complex interpretation and as a result the Group may be exposed to risks as a result of non-compliance with such standards. The degree of uncertainty in tax laws and regulations, combined with significant penalties for default and a risk of aggressive action by various government or tax authorities, may result in the tax risks of the Group being significantly higher than expected. Any of the above events may result in an adverse effect on the business, financial condition and operational results of the Group.

#### 3.4.19 Patent Infringements

Should the Group inadvertently infringe on the patents of others, its business may be adversely affected. The Group operates in an industry characterised by extensive patent litigation. Patent litigation can result in significant damages being awarded and injunctions that could prevent the manufacture and sale of certain products or require the Group to pay significant royalties in order to continue to manufacture or sell such products. While it is not possible to predict the outcome of patent litigation, any adverse result of such litigation could include an injunction preventing the Group from selling its products or the payment of significant damages or royalty, which would affect its ability to sell current or future products or prohibit it from enforcing its patent and proprietary rights against others. The occurrence of any of these risks could adversely affect the Group's business, financial condition and operational results.



### 3.4.20 Business Risk

The products commercialised by the Guarantor may not perform as expected which could adversely affect the business, financial condition and operational results of the Group.

The success of the Group depends significantly on its ability to commercialise the products developed by the Guarantor. Commercialisation requires the successful development, testing, manufacture and obtainment of the required product regulatory approvals, while complying with applicable regulatory and safety standards. In order to develop a commercially viable product, the Group must demonstrate, through extensive trials that the products are safe and effective for use. The products are currently in development and testing and during testing may not perform as expected, necessary regulatory approvals may not be obtained in a timely manner, if at all, and the Group may not be able to successfully and profitably produce and market such products.

Furthermore, even if the Group is successful in developing a new product, that product may become subject to litigation by third parties claiming the products infringe on their patents or may be seized in-transit by regulatory authorities for alleged infringement of intellectual property or may be otherwise unsuccessful in the market place due to the introduction of superior products by competitors. Moreover, it may take an extended period of time for the products to gain market acceptance, if at all.

### 3.4.21 Raw Materials

Any shortfall in the supply of raw materials or an increase in raw material costs may adversely impact the pricing and supply of the products and have an adverse effect on the business of the Guarantor and the Group.

Raw materials are subject to supply disruptions and price volatility caused by various factors, including commodity market fluctuations, the quality and availability of supply, currency fluctuations, consumer demand and changes in government programs. Substantially all required raw materials are purchased from third parties. Third party suppliers may be unable to provide the Guarantor with a sufficient quantity of raw materials at a suitable price for the Guarantor to meet the demand for its products. The available amounts of raw materials may not adjust in response to increasing demand in certain circumstances, and/or suppliers may choose to supply raw materials to competitors. Factors such as increased transportation costs and transportation strikes could adversely impact the supply of raw materials that we require and the delivery of the products. In addition, raw materials and products may be lost, delayed or damaged in transit for various reasons including accidents and natural disasters. A failure to maintain the required supply of raw materials could adversely affect the Guarantor's ability to deliver its products to customers in an efficient, reliable and timely manner and adversely affect the business, prospects, financial condition and results of operations.

### 3.4.22 Competition risk

The Group and the Guarantor may be impacted by increased competition from other similar product developments. The Group and the Guarantor may also be disadvantaged as a result of higher operating costs than competitors, resulting in lower margins.

## 3.5 Risks Relating to the Bonds

### 3.5.1 No Assurance of Active Secondary Market in the Bonds

Only upon successful admission, the Bonds will be traded on a multilateral trading facility but will NOT be traded on any regulated market. Hence the market for the Bonds may be less liquid than a regulated market and a bondholder may find it more difficult to identify willing buyers for their Bonds. The existence of an orderly and liquid market for the Bonds depends on a number of factors, including the presence of willing buyers and sellers of the Issuer's Bonds at any given time. Such presence is dependent upon the individual decisions of investors 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 Bondholders will be able to sell the Bonds at or above the price at which the Issuer issued the Bonds or at all.

### 3.5.2 Fluctuations in exchange rate

A Bondholder will bear the risk of any fluctuations in exchange rates between the currency of the Bonds (€) and the Bondholder's currency of reference, if different.

### 3.5.3 Additional Indebtedness and Security

The Issuer may incur further borrowings or indebtedness and may create or permit to subsist other security interests upon the whole or any part of its present or future undertakings, assets or revenues (including uncalled capital).

### 3.5.4 Effect of Future Public Offerings/Takeover/Merger Activity

No prediction can be made about the effect which any future public offerings of the Issuer's securities, or any takeover or merger activity involving the Issuer, will have on the market price of any of the Bonds prevailing from time to time.

### 3.5.5 Fixed Rate Bonds

The Issuer is entitled to issue Bonds bearing a fixed rate of interest. Investment in such fixed rate Bonds involves the risk that subsequent changes in market interest rates may adversely affect the market value of the said Bonds. Investors should also be aware that the price of the fixed rate Bonds moves adversely to changes in interest rates. When prevailing market interest rates are rising, the price of fixed rate Bonds decline. Conversely, if market interest rates are declining, the price of fixed rate Bonds rises. This is called market risk since it arises only if a Bondholder decides to sell the Bonds before maturity on the secondary market.

### 3.5.6 Discontinuation of Trading on Prospects MTF

Even after the Bonds are admitted to trading on Prospects MTF, the Issuer is required to remain in compliance with certain requirements relating inter alia to the free transferability, clearance and settlement of the Bonds in order to remain eligible to trade on Prospects MTF in terms of the Prospects MTF Rules issued by the Exchange as amended from time to time. Moreover, the MSE 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 the integrity or reputation of the market. The MSE may discontinue the trading of the Bonds on Prospects MTF. Any such trading suspensions described above could have a material adverse effect on the liquidity and value of the Bonds.

### 3.5.7 Value of the Bonds

The value of investments can rise or fall, and past performance is not necessarily indicative of future performance.

### 3.5.8 Ranking

The Bonds, as and when issued, shall constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured debt, if any. Furthermore, subject to the negative pledge clause (section 17.4 of this Admissions Document), third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer for so long as such security interests remain in effect.

### **3.5.9 Terms and Conditions**

**The Terms and Conditions of the Bonds are based on Maltese law in effect as at the date of this document. A change in Maltese law or administrative practice or a judicial decision may have an effect on the terms and conditions of the Bonds. No assurance can be given as to the impact thereof after the date of this document.**

## **4. PERSONS RESPONSIBLE**

Each and all of the Directors of the Issuer whose names appear in Section 7.1 hereunder, are the persons responsible for the information contained in this Admission Document. 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 Document is in accordance with the facts and contains no omission likely to affect its import. The Directors accept responsibility accordingly.

As at the date of this Document there are no other facts or matters omitted from the Admission Document which were or are necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the Bonds.

## **5. ADVISERS AND STATUTORY AUDITORS**

### **5.1 Advisors to the Issuer**

#### **Corporate Advisor, Placement Agent and Manager**

Calamatta Cuschieri Investment Services Ltd.

Europa Business Centre, Triq Dun Karm Psaila, B'Kara, BKR 9034.

Calamatta Cuschieri Investment Services Ltd holds a Category 3 license issued by the Malta Financial Services Authority and is a member of the Malta Stock Exchange.

#### **Reporting Accountant**

Deloitte Services Limited

Deloitte Place,

Mriehel Bypass, Mriehel Bypass, Mriehel, Birkirkara, BKR 3000.

Deloitte Services Limited is a firm of certified public accountants, holding a warrant to practice the profession of accountancy and a practicing certificate to act as auditors in terms of the Accountancy Profession Act, Cap. 281 of the laws of Malta.

## 5.2 Statutory Auditors to the Issuer and the Guarantor

ECOVIS

55B, Birbal Road, Balzan, BZN9017 Malta

ECOVIS is a firm of certified public accountants, holding a warrant to practice the profession of accountancy and a practising certificate to act as auditors in terms of the Accountancy Profession Act, Cap. 281 of the laws of Malta.

## 6. INTEREST OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for the subscription for Bonds by the Placement Agent and Manager and any fees payable to the Placement Agent and Manager in connection with the Bond Issue, to the best of the Issuer's knowledge no person involved in the Issue has an interest material to the Bond Issue.

## 7. IDENTITY OF DIRECTORS AND SENIOR MANAGEMENT OF THE ISSUER AND GUARANTOR

### 7.1 Directors of the Issuer

As at the date of this Admissions Document, the Board of Directors of the Issuer is constituted by the following persons:

Name and Surname	Designation
<b>Mr Bassim Khoury Nasr</b>	Chairman and Executive Director
<b>Mr Amin Farah</b>	Executive Director
<b>Mr Hani Sarraf</b>	Executive Director
<b>Mr Louis Borg Manché</b>	Non- Executive Director
<b>Ms Marisa Tanti</b>	Non- Executive Director
<b>Mr Mark Vassallo</b>	Non- Executive Director

Mr Louis Borg Manché, Ms. Marisa Tanti and Mr Mark Vassallo are considered as independent Directors since they are free of any business, family or other relationship with the Issuer, its controlling shareholders or the management of either, that could create a conflict of interest such as to impair their judgement.

The business address of the Directors is HHF 003, HAL FAR INDUSTRIAL ESTATE, HAL FAR, BIRZEBBUGIA, BBG 3000 Malta.

The company secretary of the Issuer is Mr Hani Sarraf.

The Issuer's compliance officer in terms of the Rules is Mr Hani Sarraf.

The following are the respective curriculum vitae of the Directors:

### **Bassim Khoury - Chairman**

Mr Bassim Khoury Graduated from the School of Pharmacy, University of Oklahoma, USA, in 1983. He received the OSU, Presidents', and Deans' awards 1979 & 1980; The Rho Chi Honorary Award in 1981, the History of Pharmacy Award and the Merck Award for scholastic achievement in 1983.

He established the Pharmacare Extended Group, for the manufacturing of pharmaceuticals in 1985, currently acts as its Chairman; Palestine Insurance Company plc in 1996; the National Company for Agro Industries in 2007 and Pharmacare Premium Malta in 2009.

He currently serves on the Board of Trustees and Executive Committee of Birzeit University; the Board of Palestine Capital Market Authority (PCMA); the Board of Palestine Deposit Insurance Corporation; the Board of Trustees of St. Yves Society for Legal & Human Rights and acts as its treasurer; the Board of trustees of the Palestinian Music Conservatory. He is also active in various church related support programs to the poor and needy.

He received the honour of the Medal of Merit from the Knights of the Holy Sepulcher, Germany for services rendered to the church and needy in the Holy Land in 2002; Ordained as Cavaliere dell'Ordine della Stella della Solidarieta Italiana by the Italian Republic in 2007 for services rendered to the Palestinian economy.

### **Mr Amin Farah – Executive Director**

Amin has been engaged since 1990 exclusively in consulting to the pharmaceutical industry. Prior to that and since 1980 directed several businesses consulting to the Telecoms, Oil & Gas, and Renewable Energy sectors. On graduating worked in the U.K. and overseas for PCR consultants, SONY, and Hewlett Packard amongst others.

In recent years, Amin has lead development of portals to implement best practices in supply chain management for industry, to effect efficiencies and compliance.

Amin holds a B.Sc. in engineering from University College Swansea Wales -1973.

### **Mr Hani Sarraf – Executive Director**

Graduated with a B.Sc. from the School of Pharmacy, Damascus University and continued to obtain an M.Sc. with distinction from University of London, Kings College in Pharmaceutical Technology. Served as a member of a founding team at ADAMCO, Damascus, a Syrian pharmaceutical manufacturer covering quality assurance, plant and operations management until 2012. Joined Pharmacare Premium as a partner and Executive Director, from 2012 till 2017 responsible for Operations at Pharmacare Premium as well as acting Assistant to the General Manager, then in 2017 became Director for Business Development.

### **Mr Louis Borg Manché – Non Executive Director**

Mr Louis Borg Manché is the Managing Director of Perfecta Advertising Ltd, a Marketing Communications company established on 3rd January 1966 and is wholly Maltese owned. He joined Perfecta in 1969 and has been a Director of the company for the past 38 years. He also held Directorships on various other companies.

Mr Louis Borg Manché, served as World Council Member of The International Advertising Association for the term 1998-2000. He served as a member of the Executive Board of the Malta Chapter of The International Advertising Association for a number of years and served as President between 1996 -1998. He is a member of the Malta Chamber of Commerce, Enterprise and Industry and today occupies the position of President of Casino Maltese.

### **Mrs Marisa Tanti – Non Executive Director**

Marisa Tanti is an accountant by profession. She graduated with an honours degree in Accountancy from the University of Malta in 2000 and straight after joined PwC, one of the largest audit firms in Malta. Marisa worked in the assurance department of the firm for fifteen years and was one of the senior managers leading the insurance team. This meant a vast exposure to a wide range of companies and multinational groups from various industry sectors. In 2015 Marisa went into self-employment and is currently dealing with a number of clients both local and foreign.

### **Mr Mark Vassallo - Non Executive Director**

Mark was educated at St. Edward's College, holds an honours degree in Accountancy from the University of Malta where he graduated in 2000. Mark started his career as financial controller of a local manufacturing concern supplying textile products to British high street chains. During this period he also served as financial controller and company secretary for a related company operating in the local food distribution industry. In 2003 Mark moved to the yachting industry as General Manager for a local distributor of a leading brand of production sailing and motor yachts. Between 2008 and 2013 he was appointed Member of the Business Section responsible for yachting within the Chamber of Commerce, Enterprise and Industry. In 2014 he took over a family insurance business where till today he is a license holder with MFSA for Insurance Intermediary activities tied with two of Malta's leading insurance companies.

## **7.2 Directors of the Guarantor**

As at the date of this Admission Document, the board of Directors of the Guarantor is constituted by the following persons:

<b>Name and Surname</b>	<b>Designation</b>
<b>Mr Bassim Khoury</b>	Chairman
<b>Mr Amin Farah</b>	Executive Director
<b>Mr Hani Sarraf</b>	Executive Director
<b>Ms. Sandra Habesch</b>	Non-Executive Director
<b>Mr Paul Michael Wirtz</b>	Non-Executive Director
<b>Mr Salim Said Sabbagh</b>	Non-Executive Director
<b>Mr Yousef Habesch</b>	Non-Executive Director

The business address of the Directors of the Guarantor is HHF 003, HAL FAR INDUSTRIAL ESTATE, HAL FAR, BIRZEBBUGIA, BBG 3000 Malta.

The company secretary of the Guarantor is Mr Bassim Khoury.

The curriculum vitae of the Directors of the Guarantor are set out in sub-section 7.1 above except for the details of Ms. Sandra Habesch, Mr Paul Michael Wirtz, Mr Salim Said Sabbagh and Mr Yousef Habesch as indicated below:

### **Mrs. Sandra Habesch – Non Executive Director**

Mrs. Habesch graduated with a B.A. in finance from the American University in Washington D.C. and an MBA in International Finance from George Washington University. She joined Pharmacare plc as General Manager and has been on the board of Directors of Pharmacare Premium Malta since 2010.

Prior to this served as project manager for the Catholic Relief Service focused on 'small income generating projects'



### Mr Paul Michael Wirtz – Non Executive Director

Mr Wirtz is the Vice Chairman of the advisory board of Dalli-Werke Mäurer+Wirtz GmbH & Co. KG, Grünenthal Pharma GmbH & Co. KG, Stolberg. He is also a Member of the Board of Directors of Dar Al-Shifa Company Plc., and President of the Chamber of Industry and Commerce in Aachen in Germany. He is a member of the State Advisory Board of the Commerzbank AG and Chairman of the Board of Directors (Bestuur) of the World Trade Center (WTC) in Heerlen – Aachen. He also holds the non-diplomatic title of Honorary consul of Ecuador for services rendered to the country.

### Mr Salim Said Sabbagh – Non Executive Director

Mr Sabbagh graduated with an MSc in Pharmacy from the American University of Beirut in 1973, following an undergraduate programme at the same university. He is the general manager at S. Sabbagh Drugstore, a leading wholesaler of pharmaceuticals and medical devices in Jordan.

### Mr Youssef Habesch – Non Executive Director

Mr Youssef Habesch, has more than 20 years of banking and investment experience. He is the International Finance Corporation (IFC)'s Resident Representative in Palestine, responsible for IFC's strategy, investment, and advisory programs. He is also IFC's Climate Change Anchor for the MENA region. In the past six years, IFC's investment portfolio in Palestine quadrupled to reach more than \$350 million. Prior to this appointment he was an Investment Officer working on financial restructurings, and investments mainly in the banking, infrastructure and tourism sectors.

Prior to joining IFC, he worked in Investment Banking at Banque Paribas out of their Paris and London offices, with a main focus on the banking and infrastructure sectors in the Gulf region. He started his banking career with Cairo Amman Bank in Ramallah, where he helped advance the corporate banking and investment department. Youssef has an MBA from the George Washington University.

## Senior Management Structure of the Group

The Issuer does not have any employees of its own and is reliant on the resources, which are made available to it by the Group. Mr Amin Farah and Mr Hani Sarraf are executive Directors and form the senior management structure of the Group.

## 8. INFORMATION ABOUT THE ISSUER AND GUARANTOR

### 8.1 Historical development of the Issuer

Full legal and commercial name of the Issuer:	Pharmacare Finance plc
Registered address:	HHF 003, HAL FAR INDUSTRIAL ESTATE, HAL FAR, BIRZEBBUGIA, BBG 3000 Malta
Place of registration and domicile:	Malta
Registration number:	C 86057
Date of registration:	30 <sup>th</sup> April 2018
Legal form	The Issuer is lawfully existing and registered as a public limited liability company in terms of the Act
Telephone number:	+356 22230000
E-mail address:	info@pharmacarefinance.com.mt
Website:	www.pharmacarefinance.com.mt

The Issuer is a fully owned subsidiary of the Guarantor (the parent company of the Group) except for one share, held by Mr Bassim Khoury.

The Issuer was incorporated on the 30<sup>th</sup> April 2018 as a public limited liability company, registered in terms of the Companies Act with company registration number C 86057 and is domiciled in Malta, having its registered office at HHF 003, HAL FAR INDUSTRIAL ESTATE, HAL FAR, BIRZEBBUGIA, BBG 3000 Malta. The Issuer, was set up and established to act as a finance company. As at the date of the Document, the Issuer's current authorised share capital is €46,588 divided into 46,588 ordinary shares of €1 each. The Issuer's shares are subscribed and 25% paid up as follows: The Guarantor holds 46,587 shares of the Issuer (25% paid up), 1 share is held by Mr Bassim S. F. Khoury Nasr (25% paid up). The Company does not have any other issued debt capital.

The principal object of the Issuer, which was set up and established to act as a finance company, is to lend and advance money, give credit, grant or provide guarantees, hypothecs, privileges, charges, security interests or other security, exclusively to, or in favour of companies or partnerships which form part of the same group of companies. The issue of bonds falls within the objects of the Issuer. The Issuer is not intended to undertake any trading activities itself apart from the raising of capital and the advancing thereof to members of the Group. Accordingly, the Issuer is economically dependent principally on the financial and operating performance of the businesses of Group entities. The Issuer does not have any substantial assets and is essentially a special purpose vehicle set up to act as a financing company. The Issuer is thus intended to serve as a vehicle through which the Group will continue to finance its future projects, principally and in the immediate future the projects.

The Issuer operates exclusively in and from Malta.

The Issuer has set up a website with URL [www.pharmacarefinance.com](http://www.pharmacarefinance.com) which includes an "Investor Information" section from which investors can obtain current information on the Company. This section shall include all electronic communication for all information required to be disclosed under the Rules and / or applicable law to all holders of admitted securities.

## 8.2 Historical development of the Guarantor and overview of the Group's business

### 8.2.1 Introduction

Full legal and commercial name of the Guarantor:	Pharmacare Premium Limited
Registered address:	HHF 003, HAL FAR INDUSTRIAL ESTATE, HAL FAR, BIRZEBBUGIA, BBG 3000 Malta
Place of registration and domicile:	Malta
Registration number:	C 45245
Date of registration:	01 October 2008
Legal form	The company is lawfully existing and registered as a private limited company in terms of the Act
Telephone number:	+356 22230000
E-mail address:	info@pharmacarefinance.com

The Guarantor is a limited liability company incorporated and registered in Malta with company registration number C 45245, having its registered office at HHF 003, HAL FAR INDUSTRIAL ESTATE, HAL FAR, BIRZEBBUGIA, BBG 3000 Malta. The Guarantor's current authorised share capital is 24,000,000 shares of €1 each and issued share capital is 14,129,161 shares of €1 each, fully paid up. Pharmacare Europe Limited (C45191) is the majority shareholder with 8,635,751 shares. Other shareholders include Mr Hani Hubert Sarraf (1,132,727 shares), Mr Ahmad Salim (Mohammad Said) Sabbagh (645,035 shares), Mahmoud Salim (Mohammad Said) Sabbagh (645,036 shares), (Mohammad Tahseen) Salim Said Sabbagh (670,036 shares), Bassim S.F. Khoury Nasr (990,140 shares), Maximilian Rupprecht Ferdinand Wirtz (282,157 shares) and Paul Michael Wirtz (1,128,279 shares).

The principal object of the Guarantor is to develop, register, manufacture and supply pharmaceutical products. It owns and operates a fully licenced state-of-the-art facility in Hal Far specialized in the handling of highly-potent molecules, which are medicines used in cancer treatments and other niche therapeutic categories.

### **8.2.2 Principal Product Lines of the Group**

As stated above, the Guarantor is a pharmaceutical manufacturing company located in Malta enabling it to offer unique services covering a strategic base for the development of generics and for 'Day 1' launch into the EU and beyond.

Established in Malta in 2010, with a considerable investment of founding energy, expertise, and resources, Pharmacare Premium boasts a state-of-the art facility, infrastructure and high-end equipment, dedicated for high potency 'contained production' to supply a range of therapeutic products for world markets.

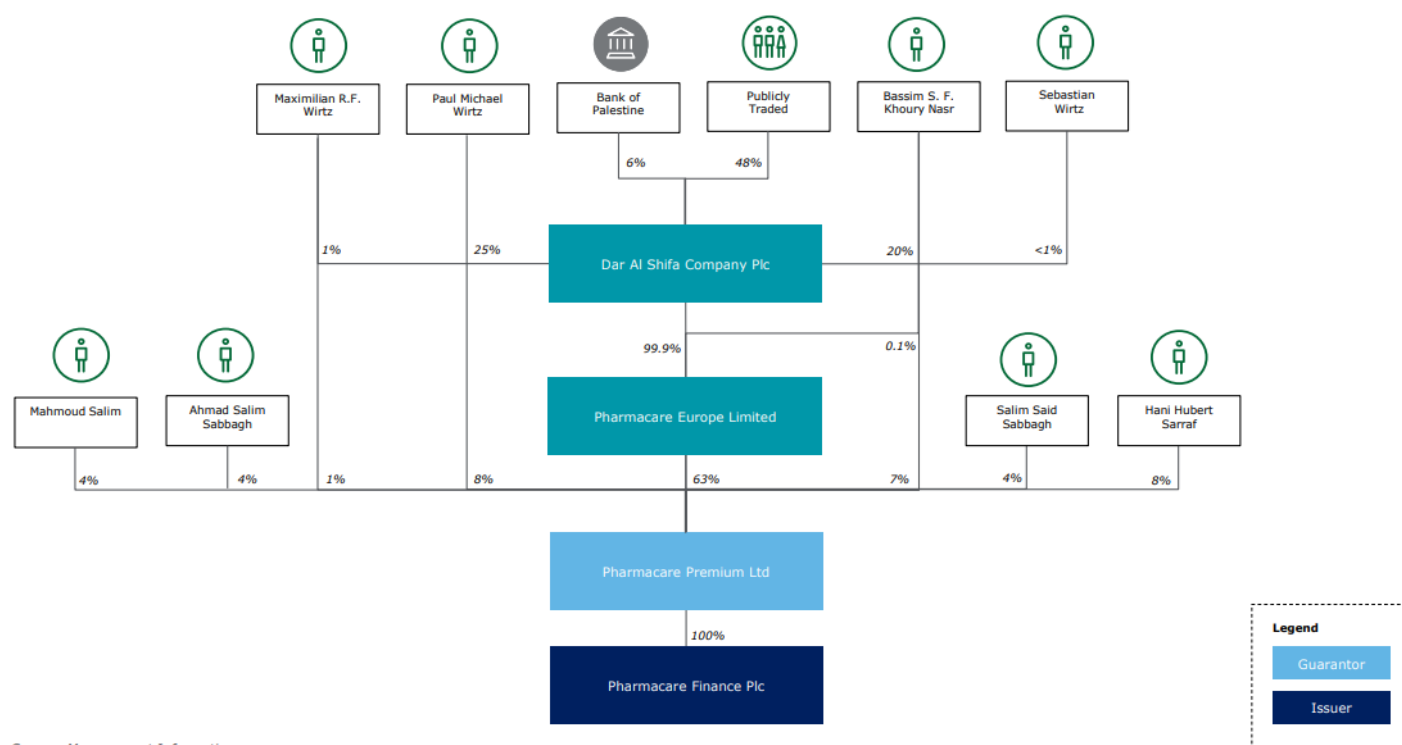
Pharmacare Premium's modern facility is an EU-GMP approved site, equipped with 'leading technology' machinery and equipment, which together with an expert team of industry professionals, ensure optimum and quality level of performance in delivery.

Malta's favourable patent landscape, along with Pharmacare's capability to handle difficult-to-produce, niche products, are key factors in the unique positioning of Pharmacare and its solid growth drive.

Pharmacare Premium has started its own product developments in order to leverage these unique competitive advantages and offer high value products to its professional network in Europe, Latin America, CIS countries and the Middle East and North Africa (MENA) region.

## 9. GROUP ORGANISATIONAL STRUCTURE

The organisational structure of the Extended Group, as at the date of the Admission Document is illustrated in the diagram below:



Source: Management Information

As detailed above, the Issuer is essentially a special purpose vehicle set up to act as a financing company for the needs of the Group, and, as such, it is dependent on the business prospects and operating results of Group entities.

## 10. TREND INFORMATION

### 10.1 Trend information of the Issuer

As previously explained, the Issuer is a fully-owned subsidiary of the Guarantor, and has been set up to act as a financing company. Accordingly, the Issuer's business is limited to the raising of capital for the financing of capital projects and the loaning of such capital to the Guarantor and/or its subsidiary companies, the collection of interest from Group entities and the settlement, in turn, of interest payable on capital raised from third parties, in the circumstances via the issue of admitted bonds. There has been no material adverse change in the prospects of the Issuer since the date of its incorporation.

### 10.2 Trend Information of the Guarantor

The Group, through the Guarantor, operates in the business of manufacturing pharmaceutical products related to the oncology sector (cancer treatments). This highly specialized and agile operation is even more unique due to its location in Malta. The new and fully licensed manufacturing facility in Hal Far is capable of providing

high-value contract manufacturing services in addition to supply of Pharmacare's own products to the worldwide Customer base.

A thorough analysis of the status and trends of the World's pharmaceutical market show a clear advantage for the positioning of the Guarantor both technically as an oncology specialist company and commercially through its location in Malta. A brief overview of the pharma market show the following facts:

- The pharmaceutical industry is one of the top 'blue-chip' industries worldwide.
- The global market for pharmaceuticals is estimated at around \$1 Trillion, and is still one of the world's largest growth markets.
- The EU market for pharmaceutical products is estimated at \$165 Billion and is still a growing market due to increased expenditure on health-care, especially in Eastern Europe.
- The market of oncology products has reached \$93.7 Billion worldwide (2016) and is growing faster than any other therapeutic sector at 12.7% CAGR Growth. It is expected to reach \$192.2 Billion by 2022.
- The Generics market makes 10% of the global market and is growing at 6% CAGR.

Source: EvaluatePharma® "World Preview 2017, Outlook to 2022"

## 11. KEY FINANCIAL INFORMATION AND FUTURE INVESTMENTS

### 11.1 Financial information of the Issuer

The Issuer was registered and incorporated on the 30<sup>th</sup> April 2018 to issue the Bonds and loan the proceeds to the Group. As at the date of this Admission Document, the Issuer has not conducted any business and has no trading record. Since incorporation to the date of this Document, no financial statements have been prepared in respect of the Issuer.

There has not been any significant change in the financial or trading position of the Issuer, which has occurred since the company's date of incorporation.

### 11.2 Selected financial information of the Guarantor

The historical financial information of the Guarantor, which has been extracted from the audited financial statements of the Guarantor, is available for inspection as set out under the heading "Documents available for inspection" in section 23 of this Document. Set out below are highlights taken from the audited consolidated financial statements of the Guarantor for the years ended 31<sup>st</sup> December 2015, 2016 and 2017.

<b>Income Statement</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
<b>Revenue</b>			
Contract Manufacturing	-	647.8	1,609.5
Contract Testing	317.3	313.8	508.1
Supply of own products	-	38.1	-
<b>Total Revenue</b>	<b>317.3</b>	<b>999.7</b>	<b>2,117.6</b>
<b>Cost of Sales (excl. depreciation)</b>	<b>(334.5)</b>	<b>(960.8)</b>	<b>(1,658.1)</b>
<b>Gross Profit/(Loss)</b>	<b>(17.1)</b>	<b>38.9</b>	<b>459.5</b>
<b>Administrative expenses</b>	<b>(1,441.9)</b>	<b>(1,616.1)</b>	<b>(1,612.4)</b>
<b>EBITDA</b>	<b>(1,459.0)</b>	<b>(1,577.2)</b>	<b>(1,153.0)</b>
<b>Finance Costs</b>	<b>(65.3)</b>	<b>(48.0)</b>	<b>(116.3)</b>
<b>Finance Income</b>	<b>0.6</b>	<b>0.3</b>	<b>0.3</b>
<b>Other Income</b>	<b>5.0</b>	<b>-</b>	<b>399.1</b>
<b>Depreciation and amortisation</b>	<b>(406.8)</b>	<b>(1,183.0)</b>	<b>(1,242.3)</b>
<b>Profit/(Loss) before tax</b>	<b>(1,925.4)</b>	<b>(2,807.9)</b>	<b>(2,112.1)</b>
<b>Taxation</b>	<b>0.0</b>	<b>0.1</b>	<b>0.0</b>

<b>Profit/(Loss) after tax</b>	<b>(1,925.4)</b>	<b>(2,807.9)</b>	<b>(2,112.1)</b>
<b>Other comprehensive Income</b>			
<b>Surplus arising on revaluation of right of use of property</b>	-	-	9,302.1
<b>Movement in defer tax liability on revalued right of use property</b>	-	-	(731.5)
<b>Total OCI</b>	-	-	<b>8,570.6</b>
<b>Total Comprehensive Income</b>	<b>(1,925.4)</b>	<b>(2,807.9)</b>	<b>6,458.6</b>
<b>Source: Audited Financial Statements</b>			
<b>Gross Margin</b>	<b>(5.4%)</b>	<b>3.9%</b>	<b>21.7%</b>
<b>EBITDA Margin</b>	<b>(459.8%)</b>	<b>(157.8%)</b>	<b>(54.4%)</b>
<b>Revenue Growth YoY%</b>	<b>n/a</b>	<b>215.0%</b>	<b>111.8%</b>
<b>Interest Coverage</b>	<b>(22.3x)</b>	<b>(32.8x)</b>	<b>(9.9x)</b>

- Revenue increased by 112% in 2017 from €1.0 million compared to €2.1 million in 2016, following on from a 215% increase from FY 2015 to FY 2016. Revenue primarily consists of two channels, Contract Manufacturing (CM) and Contract Testing (CT). The primary increase in revenue from FY15 to FY17, was mainly driven by:
  - I. Contract manufacturing facilities becoming fully operational in December 2015 which resulted in new channel revenue materializing in FY16 and FY17; and
  - II. Increased demand for contract testing services in FY17.

Supply of own products in FY16 related to a tender won with a Portuguese customer.

- Cost of sales primarily consists of direct salaries, sub-contracted production, and direct consumables. Gross Margin has been steadily improving as the plant's utilisation steadily increases, most recently from 3.9% to 21.7%.
- Administration expenses remain elevated when compared against gross profit as the company enters its next phase of growth. Despite this, expenses have remained flat YoY, with the ramp up phase complete, thus the company not needing to incur additional expenses.
- As a consequence of all of the above, the Group registered an improved EBITDA of (€1.2 million) in 2017 compared to (€1.6 million) in 2015. The resultant EBITDA margin improved to (54.4%) in 2017 compared to (157.8%) in 2016 and (459.8%) in 2015. Interest coverage in FY17 remains low at (9.9x)
- Finance costs increased marginally as a result of higher borrowings for FY17, while Other Income relates to a one-off profit on disposal of plant and machinery. Depreciation and amortisation increased marginally as a result of continued investment in the plant.
- Loss after tax for the period improved to (€2.1 million) in FY17 compared to (€2.8 million) in FY16 and (€1.9) million in FY15.
- Other comprehensive income was positively impacted in FY17 by the revaluation of the land and buildings situated in Hal-Far, which was converted from a rental to a 65-year emphyteusis.



<b>Balance Sheet</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	9,258	9,002	19,064
Intangible assets	590	1,157	1,515
Investment in Subsidiary	600	-	-
	<b>10,448</b>	<b>10,158</b>	<b>20,579</b>
<b>Current Assets</b>			
Trade receivables	739	846	1,027
Other receivables	294	327	94
Inventories	406	537	526
Cash and cash equivalents	228	194	302
Loans to related parties	23	112	135
Loans to shareholders	76	5	8
	<b>1,765</b>	<b>2,022</b>	<b>2,093</b>
<b>Total Assets</b>	<b>12,213</b>	<b>12,180</b>	<b>22,672</b>
<b>Capital &amp; Reserves</b>			
Share capital	12,334	13,739	14,109
Other reserves	-	-	8,499
Share premium	4,651	6,056	6,426
Retained earnings	(7,841)	(10,649)	(12,690)
	<b>9,144</b>	<b>9,145</b>	<b>16,345</b>
<b>Current Liabilities</b>			
Trade payables	1,627	1,206	779
Accruals and deferred income	167	456	882
Other payables	1	1	1
Lease obligations	-	-	89
Other financial liabilities	434	434	433
Loans from shareholders	-	-	431
Bank borrowings	8	49	158
	<b>2,236</b>	<b>2,146</b>	<b>2,773</b>
<b>Non-Current Liabilities</b>			
Other financial liabilities	833	387	717
Deferred tax	-	-	731
Loans from related parties	-	501	857
Lease obligations	-	-	1,249
	<b>833</b>	<b>888</b>	<b>3,554</b>
<b>Total Equity and Liabilities</b>	<b>12,213</b>	<b>12,180</b>	<b>22,672</b>
<b>Source: Audited Financial Statements</b>			
<b>Gearing Ratio 1 (Net Debt / Equity)</b>	<b>11.4%</b>	<b>12.9%</b>	<b>22.2%</b>
<b>Gearing Ratio 2 (Total Liabilities / Total Assets)</b>	<b>25.1%</b>	<b>24.9%</b>	<b>27.9%</b>

In FY17, Plant Property and Equipment increased by €10.0 million from FY16 mainly due to a revaluation of leasehold property based on a third party valuation. Intangible assets mainly refer to the initial cost to purchase a manufacturing license as well as supplementary costs including consultancy fees and submission documentation required by the Medicinal Authorities. Intellectual property for product patents forms the largest part of intangible assets, and amounted to €1.1m in FY17 together with additional licences amounting to €403K. Intellectual Property refers in its entirety to the capitalisation of direct salaries of Quality Control, Quality Assurance and Production and Engineering departments.

The investment in a subsidiary called RI Pharma was sold in FY15.

Current Assets remained largely flat with no material changes, with the ultimate result being that Total Assets for FY17 increasing to €22.7 million compared to €12.2 million in FY18.

Trade and other payables decreased by 52% from €1.6 million in FY15 to €779k in FY17. Other financial liabilities consist of intercompany balances owed to Dar al Shifa to pay for emphyteusis and other capital projects and increased by €328k in FY17. During FY17 the Company obtained loans from shareholders amounting to €431k. The Guarantor reported lease obligations of €1.2 million as at the end of FY17, which reflects the present value of future ground rent payments over the 65-year term of the lease, and subsequently measured at amortised cost.

Total equity at the end of FY17 amounted to €16 million, with an increase of €7.2 million, primarily as a result of a revaluation of the property, plant and equipment held by the company.

The current ratio worsened from 0.94x in 2016 to 0.75x in 2017 as a result of an increase in payables, increasing further the pressure on working capital. The gearing ratio increased from 12.9% in FY16 to 22.2% in FY17, reflecting the greater increase in payables compared to equity.

<b>Cashflow Statement</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
<b>Cash from operating activities:</b>			
<b>Profit/(Loss) from operations</b>	(1,925.4)	(2,808.0)	(2,112.2)
<b>Income tax expense (income)</b>	0.0	0.1	0.0
<b>Interest expense to reconcile to profit/(loss) from operations</b>	65.3	48.0	116.3
<b>Interest income to reconcile to profit/(loss) from operations</b>	(0.6)	(0.3)	(0.3)
<b>Depreciation</b>	406.8	1,183.0	1,242.3
<b>Gain on disposal of assets</b>	-	-	(399.1)
<b>Profit/(Loss) from operations</b>	<b>(1,454.0)</b>	<b>(1,577.2)</b>	<b>(1,153.0)</b>
<b>(Increase)/Decrease in inventories</b>	(337.7)	(131.2)	10.9
<b>(Increase)/Decrease in trade and other receivables</b>	(32.5)	(140.8)	51.9
<b>(Increase)/Decrease in trade and other payables</b>	375.5	(131.5)	(1.3)
<b>Proceeds from interest received classified as operating</b>	0.6	0.3	0.3
<b>Payments of interest classified as operating</b>	(65.1)	(45.9)	(30.1)
<b>Payment of income taxes</b>	(0.0)	(0.1)	(0.0)
<b>Net cash flows from (used in) operating activities</b>	<b>(1,513.2)</b>	<b>(2,026.3)</b>	<b>(1,121.2)</b>
<b>Cash flows from investing activities:</b>			
<b>Payments to acquire property, plant and equipment</b>	(339.5)	(790.5)	(824.8)
<b>Payments to acquire intangible assets</b>	(610.4)	(703.0)	(549.3)
<b>Proceeds from disposal of PPE &amp; subsidiaries, net of cash disposed</b>	-	600.0	740.0
<b>Net cash flows from (used in) investing activities</b>	<b>(949.8)</b>	<b>(893.5)</b>	<b>(634.1)</b>
<b>Cash flows from financing activities:</b>			
<b>Proceeds from issuance of equity instruments</b>	3,138.2	2,809.4	741.2
<b>Proceeds from issuance of other financial liabilities</b>	-	-	716.7
<b>Payment of finance lease liabilities</b>	-	-	(66.7)
<b>Payments of interest classified as financing</b>	(0.2)	(2.2)	(9.4)
<b>Advances from shareholders</b>	-	-	432.3
<b>Advances from related parties</b>	-	501.2	355.6
<b>Repayment from shareholders</b>	-	74.7	-
<b>Advances to shareholders</b>	(219.5)	(3.9)	(3.8)
<b>Advances to related parties</b>	(23.0)	(89.4)	(22.9)
<b>Repayment of bank loan</b>	(426.6)	(446.0)	(388.4)
<b>Net cash flows from (used in) financing activities</b>	<b>2,468.9</b>	<b>2,843.9</b>	<b>1,754.5</b>
<b>Net cash increase/(decrease) in cash and cash equivalents</b>	<b>5.8</b>	<b>(76.0)</b>	<b>(0.9)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>214.8</b>	<b>220.7</b>	<b>144.7</b>
<b>Cash and cash equivalents at end of year</b>	<b>220.7</b>	<b>144.7</b>	<b>143.8</b>
<i>Source: Audited Financial Statements</i>			

**Cash from operating activities** - Main movements during FY15-17 refers to disposal of plant and machinery in FY17 to Dar al Shifa Company plc for approximately €400k. Also the decrease in trade and other receivables in FY17 is mainly due to a shrinkage of prepayments made and indirect taxation receivable.

**Cash from investing activities** - Main movements during the period FY15-FY17 refers to Investment in PPE of €2.0 million; Investment in Intangible Assets of €1.9 million and the proceeds of €600k in FY16 refer to the sale of the subsidiary RI Pharma whilst €740k in FY17 refers to the right-of-use asset recognised upon the 65-year emphyteusis contract signed and subsequently capitalised.

**Cash from financing activities** - Main movements during FY15-FY17 refers to an increase in share capital of €6m, other financial liabilities refers to the amounts drawdown with respect to Malta Enterprise loans. The repayment of loan balances refers to interest accrued on HSBC and Malta Enterprise loans, additionally, loans due/received from related parties are mainly Dar al Shifa for contracted services.

### 11.3 Future Investments

Pharmacare Premium's shareholders have fully paid the company's capital in order to fully license its facility, operations and set-up costs. The growth plan of the company fully focuses on the development of new generic products and owning the resulting intellectual property. The business model is a business-to-business one, focused on licencing the products to multi-national generic marketing and distribution companies in Europe and Latin America in addition to distributors in the MENA region.

#### 11.3.1 Investment in Generic Cancer Products

Following the Bond Issue, the vast majority (80%) of the proceeds attained by the Group shall be engaged in five product development projects, with the aim of producing generic pharmaceuticals related to oncology from patented pharmaceuticals which are due to expire. Pharmaceutical companies in Malta benefit from a favourable patent landscape for a limited period of time, until 2028-2030 depending on the product, as a result of these patents registered before Malta's accession to the European Union. This allows the Group to develop and commercialise these products in large parts of the world (non-EU) prior to the EU patent expiring. This makes the Group the only generic European supplier for these products in this period, where the patent is active. Additionally, this allows to stock pile product and be ready for day one generic launch in the EU.

Pharmacare's business model also leverages on the fact that it is capable of manufacturing difficult-to-produce, niche products, that are key factors in the positioning of Pharmacare to develop these products in a profitable manner. This is due to the fact that the plant handles high-potency pharmaceuticals rendering the production plant specific to a limited number of products, produced under very stringent standards of quality.

These projects include the following activities:

- ❖ Formulation development and reference samples
- ❖ Intellectual Property research and assessment
- ❖ Clinical trials (Bio-equivalent studies)
- ❖ Production of trial, registration and validation batches
- ❖ Purchasing of any needed equipment and change-parts
- ❖ Purchasing of raw materials (especially Active Pharmaceutical Ingredients)
- ❖ Dossier compilation and registration (regulatory affairs)

## 12. MANAGEMENT AND ADMINISTRATION

### 12.1 The Issuer

#### 12.1.1 The Board of Directors of the Issuer

The Memorandum of Association of the Issuer provides that the business and affairs of the Issuer shall be managed and administered by a Board of Directors to be composed of not less than two and not more than ten Directors, who are appointed by the shareholders.

Directors of the Issuer are appointed by means of an ordinary resolution in general meeting. Accordingly, the Guarantor is empowered to appoint the Directors of the Issuer, thereby putting it in a position to appoint an absolute majority of the Directors of the Issuer and, accordingly, have control over the management and operations of the Issuer.

The Issuer is currently managed by a Board of six (6) Directors, who are responsible for the overall direction and management of the Company. The Board currently consists of three (3) executive Directors, who are entrusted with the company's day-to-day management, and three (3) non-executive Directors who are also independent of the Issuer, whose main functions are to monitor the operations of the executive Directors and their performance, as well as to review any proposals tabled by the executive Directors.

As at the date of the Document, the Board of the Issuer is composed of the individuals listed in sub-section 7.1 of this Document.

None of the Directors have been:

- convicted in relation to fraud or fraudulent conduct in the last five years;
- made bankrupt or associated with any liquidation or insolvency caused by action of creditors;
- the subject of any official public incrimination or sanction by any statutory or regulatory authority; or
- disqualified by a court from acting as Director or manager in the last five years.

The Directors believe that the Issuer's current organisational structure is adequate for its present activities. The Directors will maintain this structure under continuous review to ensure that it meets the changing demands of the business and to strengthen the checks and balances necessary for better corporate governance.

#### **12.1.2 Directors' service contracts**

None of the Directors have a service contract with the Issuer.

#### **12.1.3 Conflicts of Interest**

In addition to being Directors of the Issuer, the 3 executive Directors on the board are also Directors of the Guarantor. Additionally, Mr Bassim Khouy Nasr and Mr Hani Sarraf are shareholders of the Guarantor.

In light of the foregoing, such Directors are susceptible to conflicts between the potentially diverging interests of the Issuer and the Guarantor, as the case may be, and any of such other companies in transactions entered into, or proposed to be entered into, between them. The Audit Committee, established at Issuer level has the task of ensuring that any potential conflicts of interest that may arise at any moment pursuant to these different roles held by the Directors are handled in the best interest of the Issuer and the Guarantor as well as according to law. The fact that the Audit Committee is constituted with a majority of independent non-executive Directors, provides an effective measure to ensure that transactions vetted by the Audit Committee are determined on an arms-length basis.

Additionally, the Audit Committee has, pursuant to the relative terms of reference, been granted express powers to be given access to the financial position of the Issuer and the Guarantor on a quarterly basis. To this effect, the Issuer and the Guarantor are to submit to the Audit Committee bi-annual accounts, as well as at least quarterly comparisons of actuals against projections.

#### **12.1.4 Loans to Directors**

There are no loans outstanding by the Issuer to any of its Directors, nor any guarantees issued for their benefit by the Issuer.

#### **12.1.5 Removal of Directors**

In terms of the Issuer's Articles of Association, the first Directors of the Issuer shall serve until the end of the first annual general meeting during which the new Directors shall be appointed. Thereafter, all other Directors shall hold office from the general meeting at which they are elected until the end of the next annual general meeting. All retiring Directors shall be eligible for re-election. The Directors of the Issuer currently in office are expected to remain in office at least until the next Annual General Meeting of the Issuer.

A Director may, unless he resigns, be removed by an ordinary resolution of the shareholders as provided by Article 140 of the Act.

#### **12.1.6 Powers of Directors**

By virtue of the provisions of the Articles of Association of the Issuer, the Directors are empowered to transact all business which is not by the Articles expressly reserved for the shareholders in general meeting.

#### **12.1.7 Aggregate emoluments of the Issuer's Directors**

Pursuant to the Issuer's Articles of Association, the maximum annual aggregate emoluments that may be paid to the Directors are approved by the shareholders in general meeting.

The remuneration of Directors shall be deemed to accrue from day to day. The Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Issuer or in connection with the business of the Issuer.

For the current financial year ending on 31 December 2018 it is expected that the Issuer will pay an aggregate of €19,000 to its Directors.

#### **12.1.8 Employees**

The Issuer does not have any employees of its own and is, therefore, reliant on the Group for administrative support.

#### **12.1.9 Working capital**

As at the date of the Document, the Directors of both the Issuer and of the Guarantor are of the opinion that working capital available to the Issuer and the Guarantor, respectively, is sufficient for the attainment of their objects and the carrying out of their respective business for the next twelve (12) months of operations.

### **12.2 The Guarantor**

#### **12.2.1 The Board of Directors of the Guarantor**

The Memorandum of Association of the Guarantor provides that the Board of Directors shall be composed of not less than one and not more than ten Directors. As at the date of the Admission Document, the Board of the Guarantor is composed of seven directors.

#### **12.2.2 Directors' service contracts**

None of the Directors of the Guarantor have a definitive service contract with the company.

#### **12.2.3 Removal of the Guarantor's Directors**

A Director may, unless he resigns, be removed by an ordinary resolution of the shareholders as provided by Article 140 of the Act. The Directors of the Guarantor currently in office are expected to remain in office at least until the next Annual General Meeting of the company.

#### **12.2.4 Loans to Directors**

There are no loans outstanding by the Guarantor to any of its Directors, nor any guarantees issued for their benefit by the Guarantor.

#### **12.2.5 Aggregate emoluments of the Guarantor's Directors**

Pursuant to the Guarantor's Articles of Association, the maximum annual aggregate emoluments that may be paid to the Directors of the company are approved by the shareholders in general meeting.

The Directors may also be paid for all traveling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the company or in connection with the business of the company.

For the current financial year ending on 31 December 2018 it is expected that the Guarantor will not pay emoluments to its Directors, except for travel and accommodation expenses.

#### **12.2.6 Employees**

As at the date of this Document, the Guarantor has a total of around seventy (70) employees



## 13. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

### 13.1 Major shareholders of the Issuer

The Issuer's current authorised share capital is €46,588 divided into 46,588 ordinary shares of €1 each. The Issuer's shares are subscribed and 25% paid up as follows: The Guarantor holds 46,587 shares of the Issuer (25% paid up), 1 share is held by Mr Bassim S. F. Khoury Nasr (25% paid up).

to the best of the Issuer's knowledge there are no arrangements in place as at the date of the Admission Document the operation of which may at a subsequent date result in a change in control of the Issuer.

### 13.2 Major shareholders of the Guarantor

The Guarantor's current authorised share capital is 24,000,000 shares of €1 each and issued share capital is 13,738,581 shares of €1 each, fully paid up.

<i>Name of Shareholder</i>	<i>Number of shares held</i>
<b>Pharmacare Europe Limited (C45191)</b>	8,635,751
<b>Mr Hani Hubert Sarraf</b>	1,132,727
<b>Paul Michael Wirtz</b>	1,128,279
<b>Bassim S.F. Khoury Nasr</b>	919,560
<b>(Mohammad Tahseen) Salim Said Sabbagh</b>	613,369
<b>Mr Ahmad Salim (Mohammad Said) Sabbagh</b>	588,369
<b>Mahmoud Salim (Mohammad Said) Sabbagh</b>	588,369
<b>Maximilian Rupprecht Ferdinand Wirtz</b>	132,157

The Issuer and the Guarantor are therefore ultimately controlled by Pharmacare Europe Limited (C45191).

## 14. BOARD COMMITTEES

The Audit Committee has been set up at the level of the Issuer. The terms of reference of the Audit Committee (the "Committee") of the Issuer consist of *inter alia* its support to the board of the Issuer in its responsibilities in dealing with issues of risk, control and governance, and associated assurance. The board of the Issuer has set formal terms of establishment and the terms of reference of the Audit Committee that establish its composition, role and function, the parameters of its remit, as well as the basis for the processes that it is required to comply with. The Audit Committee, which meets at least four (4) times a year, is a sub-committee of the board of the Issuer and is directly responsible and accountable to the board of the Issuer. The board of the Issuer has reserved the right to change the Committee's terms of reference from time to time.

Briefly, the Committee is expected to deal with and advise the board of the Issuer on:

- its monitoring responsibility over the financial reporting processes, financial policies and internal control structures;
- maintaining communications on such matters between the board, management and the independent auditors at the level of the Issuer and Guarantor;
- facilitating the independence of the external audit process and addressing issues arising from the audit process; and

- preserving assets by understanding the risk environment in which the Issuer and Guarantor operate and determining how to deal with those risks.

Additionally, the Audit Committee has the role and function of considering and evaluating the arm's length nature of any proposed transactions to be entered into in order to ensure that the execution of any such transaction is, indeed, at arm's length and on a sound commercial basis and, ultimately, in the best interests of the Issuer and the Guarantor. In this regard, the Audit Committee has the task of ensuring that any potential abuse which may arise is immediately identified and resolved.

The Audit Committee is entrusted with the review of the financial position of the Issuer and the Guarantor on a quarterly basis. To this effect, the Issuer and the Guarantor shall submit to the Audit Committee bi-annual accounts, as well as least quarterly comparisons of actuals against projections. The Audit Committee is composed of three members, with a majority of non-executive Directors, who are appointed for a period of three years. Mr Louis Borg Manch  acts as Chairman whilst, Ms. Marisa Tanti and Mr Mark Vassallo act as members. As stipulated by the terms of reference of the audit committee, the Chairman shall have a casting vote in the case of a deadlock.

Ms. Marisa Tanti and Mr Mark Vassallo are independent, non-executive Directors who are competent in accounting and/or auditing matters. The CVs of the said Directors may be found in sub-section 7.1.

## 15.COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

### 15.1 The Issuer

The Company supports the Rules in their entirety and also the stipulations of the said rules in relation to dealing restrictions.

The Issuer complies with the Code of Principles of Good Corporate Governance forming part of the Listing Rules of the Listing Authority (the "Code") with the exceptions mentioned below, and is confident that the adoption of the Code shall result in positive effects accruing to it. The Issuer adopts measures in line with the Code of Principles with a view to ensuring that all transitions are carried out at arm's length.

The Board of Directors sets the strategy and direction of the Issuer and retains direct responsibility for appraising and monitoring the Issuer's financial statements and annual report. The activities of the Board are exercised in a manner designed to ensure that it can effectively supervise the operations of the Issuer so as to protect the interests of bondholders, amongst other stakeholders. The Board is also responsible for making relevant public announcements and for the Issuer's compliance with its continuing obligations in terms of the rules of Prospects MTF.

As required by the Act, the Issuer's financial statements are to be subject to annual audit by the Issuer's external auditors. Moreover, the non-executive Directors will have direct access to the external auditors of the Issuer who attend at Board meetings at which the company's financial statements are approved. In ensuring compliance with other statutory requirements and with continuing admission obligations, the Board is advised directly, as appropriate, by its appointed broker, legal advisor and the external auditors. Directors are entitled to seek independent professional advice at any time on any aspect of their duties and responsibilities, at the Issuer's expense.

As at the date hereof, the Board considers the Issuer to be in compliance with the Code save for the following exceptions:

Principle 7: "Evaluation of the board's performance": Under the present circumstances, the Board does not consider it necessary to appoint a committee to carry out a performance evaluation of its role, as the Board's performance is always under the scrutiny of the shareholders of the Company.

Principle 8: The Board of Directors considers that the size and operation of the Issuer does not warrant the setting up of nomination and remuneration committee. Also, the Issuer will not be incorporating a nomination committee. Appointments to the Board of Directors are determined by the shareholders of the Issuer in accordance with the company's Memorandum and Articles of Association. The Issuer considers that the members of the Board possess the level of skill, knowledge and experience expected in terms of the Code.

## 15.2 The Guarantor

The Guarantor is a private company and, accordingly, is not bound by the provisions of the Code set out in the Listing Rules of the Listing Authority.

## 16. USE OF PROCEEDS

The proceeds from the Bond Issue shall be transferred from the Company to the Guarantor by means of a loan agreement (See Annex A) and shall be used for the following purposes, in the amounts set out below:

Should subscriptions for a total of at least €3,000,000 ("Minimum Total Amount") not be received, no allotment of Bonds shall be made, the Applications for Bonds shall be deemed not to have been accepted by the Issuer and all money received from Applicants for Bonds shall be refunded accordingly. In the event that the Minimum Total Amount is reached but the Bond Issue is still not fully subscribed, the Issuer will proceed with the allotment of the amount of Bonds subscribed for and the proceeds shall be used for the following purposes and in the order of priority set out below:

- Approx. €4,000,000 (or 80% of the net proceeds from Bond Issue) will be advanced by the Issuer for the purpose of funding 5 product development projects. These projects include the following activities:
  - Formulation development and reference samples
  - Intellectual Property research and assessment
  - Clinical trials (Bio-equivalent studies)
  - Production of trial, registration and validation batches
  - Purchasing of any needed equipment and change-parts
  - Purchasing of raw materials (especially Active Pharmaceutical Ingredients)
  - Dossier compilation and registration (regulatory affairs)
- Up to €1,000,000 (or 20% of the net proceeds from Bond Issue) will be advanced by the Issuer to the Guarantor for the financing of overheads and general expenses.

## 17. INFORMATION CONCERNING THE BONDS

Each Bond shall be issued on the terms and conditions set out in this Document 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.

### 17.1 General

17.1.1 Each Bond forms part of a duly authorised issue of 5.75% unsecured bonds 2028 of a nominal value of €100 per Bond issued by the Issuer at par up to the principal amount of €5,000,000 (except as otherwise provided under sub-section 17.14 "Further Issues" below), and guaranteed by the Guarantor. The issue date of the Bonds is expected to be the 29<sup>th</sup> October 2018.

17.1.2 The currency of the Bonds is Euro (€).

17.1.3 Subject to admission to trading of the Bonds to the Prospects MTF List of the MSE, the Bonds are expected to be assigned the following ISIN: MT0002011204.

- 17.1.4 All outstanding Bonds shall be redeemed by the Issuer at par on the Redemption Date, unless otherwise redeemed at the option of the Issuer on any of the Early Redemption Date/s.
- 17.1.5 The issue of the Bonds is made in accordance with the requirements of the Prospects MTF Rules.
- 17.1.6 The Issue Period of the Bonds is between 19<sup>th</sup> October 2018 and 26<sup>th</sup> October 2018, both days included.
- 17.1.7 The Bond Issue is not underwritten. Should subscriptions for a total of at least €3,000,000 (the “Minimum Total Amount”) not be received, no allotment of the Bonds shall be made, the Applications for Bonds shall be deemed not to have been accepted by the Issuer and all money received from Applicants for Bonds shall be refunded accordingly. In the event that the Minimum Total Amount is reached but the Bond Issue is still not fully subscribed, the Issuer will proceed with the allotment of the amount of Bonds subscribed.
- 17.1.8 The Bonds will not be listed on the Official List or the Alternative Companies list of the Malta Stock Exchange or on any other regulated market.

## 17.2 Subscription

The Issuer has appointed Calamatta Cuschieri as Placement Agent and Manager for the purposes of this Bond Issue and interested investors may contact the Placement Agent and Manager for the purposes of subscribing to Bonds during the Issue Period. Applications for subscriptions to the Bonds will be processed at the discretion of the Placement Agent and Manager and the offer may close earlier than that indicated in the timetable in the event of over subscription.

The Bonds are open for subscription to all categories of investors, provided that the Placement Agent and Manager shall be required to carry out an Appropriateness Test in respect of each Applicant for the purpose of assessing such Applicant's level of knowledge and experience prior to investing in the Bonds. Applications shall not be accepted by the Placement Agent and Manager unless, based on the results of such Appropriateness Test, the Placement Agent and Manager is satisfied that an investment in the Bonds may be considered appropriate for the Applicant. To the extent that the Placement Agent and Manager is providing advice in respect of a purchase of the Bonds by an Applicant, the Placement Agent and Manager shall also be required to conduct a Suitability Test in respect of the Applicant and, based on the results of such test, be satisfied that an investment in the Bonds may be considered suitable for the Applicant.

The Bond Issue is not underwritten. Should subscriptions for a total of at least €3,000,000 (the “Minimum Total Amount”) not be received, no allotment of the Bonds shall be made, the Applications for Bonds shall be deemed not to have been accepted by the Issuer and all money received from Applicants for Bonds shall be refunded accordingly. In the event that the Minimum Total Amount is reached but the Bond Issue is still not fully subscribed, the Issuer will proceed with the allotment of the amount of Bonds subscribed.

The total amount of €5,000,000 of Bonds is being reserved for subscription by the Placement Agent and Manager participating in the Placement Offer. The Issuer shall enter into a conditional subscription agreement with the Placement Agent and Manager for the subscription of Bonds, whereby it will bind itself to allocate Bonds thereto up to the total amount of €5,000,000 as aforesaid.

In terms of said subscription agreement entered into with the Placement Agent and Manager, the Issuer will be conditionally bound to issue, and the Placement Agent and Manager will be conditionally bound to subscribe to, up to the total amount of €5,000,000 of Bonds as indicated therein, each subject to the Minimum Total Amount of €3,000,000 being subscribed.

### 17.3 Ranking of the Bonds

The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer, guaranteed by the Guarantor, and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured debt of each of the Issuer and the Guarantor, if any. Furthermore, subject to the negative pledge clause (Section 17.4 of this Document), third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer for so long as such security interests remain in effect.

The following sets out the summary of Pharmacare Premium Limited's indebtedness, which following the issuance of the bond will amount to €4.655m. The bonds will also rank after any future debt which may be secured by a cause of preference such as a privilege and/or a hypothec:

#### Guarantor projected Indebtedness Table as at 31 December 2018

€000s	FY18
<b>Total Debt</b>	
- Secured	(4,963)
- Unsecured - Pharmacare Finance Intercompany Loan @ 6.85% (Bond)	(5,058)
- Shareholder loans	(431)
<b>Total</b>	<b>(10,451)</b>
<b>Shareholder's Equity</b>	
Share Capital	14,538
Share Premium	6,855
Revaluation Reserve	8,499
Retained earnings	(14,806)
<b>Total</b>	<b>15,086</b>
<b>Indebtedness as at 31 December 2018</b>	<b>4,634</b>

#### Guarantor Secured Debt

€000s	FY18
<b>Secured Debt</b>	
ME Loan	(1,689)
BOV Loan	(1,936)
Lease Obligation	(1,338)
	<b>(4,963)</b>

### 17.4 Negative pledge

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

"Financial Indebtedness" means any indebtedness in respect of:

- A. monies borrowed;

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

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

“Permitted Security Interest” means:

- A. any Security Interest arising by operation of law;
- B. any Security Interest securing temporary bank loans or overdrafts in the ordinary course of business;
- C. any other Security Interest (in addition to (A) and (B) above) securing Financial Indebtedness of the Issuer, in an aggregate outstanding amount not exceeding 80% of the difference between the value of the unencumbered assets of the Issuer and the aggregate principal amount of Bonds outstanding at the time.

Provided that the aggregate Security Interests referred to in (B) and (C) above do not result in the unencumbered assets of the Issuer being less than 105% of the aggregate principal amount of the Bonds still outstanding;

“unencumbered assets” means assets which are not subject to a Security Interest.

## 17.5 Rights attached to the Bonds

There are no special rights attached to the Bonds other than the right of the Bondholders to:

- i. the payment of interest;
- ii. the payment of capital;
- iii. ranking with respect to other indebtedness of the Issuer in accordance with the provisions of sub-section 17.3 hereof;
- iv. attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bond Issues; and
- v. enjoy all such other rights attached to the Bonds emanating from the Admission Document.

## 17.6 Interest

The Bonds shall bear interest from and including the 29<sup>th</sup> October 2018 at the rate of 5.75% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be effected on 29<sup>th</sup> October 2019. Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day. Each Bond will cease to bear interest from and including its due date for redemption, unless payment of the principal in respect of the Bond is improperly withheld or refused or unless default is otherwise made in respect of payment, in any of which events interest shall continue to accrue at the rate specified above plus one per cent (1%), but in any event not in excess of the maximum rate of interest allowed by Maltese law. In terms of article 2156 of the Civil Code (Chapter 16 of the laws of Malta), the right of Bondholders to bring claims for payment of interest and repayment of the principal on the Bonds is barred by the lapse of five (5) years.



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.

## 17.7 Yield

For Bonds issued at the Bond Issue Price, the gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Bonds at Redemption Date is 5.75%.

## 17.8 Form, Denomination and Title

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

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

17.8.3 Upon submission of an Application Form, Bondholders who do not have an online e-portfolio account 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 the 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/>. Those Bondholders who opt not to avail themselves of this facility should indicate such on the Application Form. Further detail on the e-portfolio is found on <https://eportfolio.borzamalta.com.mt/Help>.

17.8.4 The Bonds will be issued in fully registered form, without interest coupons, in denominations of any integral multiple of €100 provided that on subscription the Bonds will be issued for a minimum of €2,000 per individual Bondholder. Authorised 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.

17.8.5 Any person in whose name a Bond is registered may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Bond. Title to the Bonds may be transferred as provided below under the heading "Transferability of the Bonds" as per the stipulations of the Admission Document.

## 17.9 Pricing

The Bonds are being issued at par, that is, at €100 per Bond.

## 17.10 Payments

17.10.1 Payment of the principal amount of a Bond will be made in euro by the Issuer to the person in whose name such Bonds are registered, with interest accrued up to the Redemption Date, by means of direct credit transfer into such bank account as the Bondholder may designate from time to time, provided such bank account is denominated in Euro and held with any licensed bank in Malta. Such payment shall be effected within seven (7) days of the Redemption Date. The Issuer shall not be responsible for any loss or delay in

transmission. 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.

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

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

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

17.10.5 No commissions or expenses shall be charged by the Issuer to Bondholders in respect of payments made in terms of sub-section 17.10. The Issuer shall not be liable for charges, expenses and commissions levied by parties other than the Issuer.

## 17.11 Redemption and purchase

17.11.1 The Bonds shall be repayable in full upon maturity on 29<sup>th</sup> October 2028 unless previously re-purchased, cancelled or redeemed, provided that the Issuer reserves the right to redeem any one or more of the Bonds or any part thereof on any of the Early Redemption Dates, as the Issuer may determine with the prior approval of the Exchange on giving not less than thirty (30) days' notice to Bondholder, or via a Change of Control.

17.11.2 Unless previously purchased and cancelled, the Issuer irrevocably covenants in favour of each Bondholder that the Bonds will be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on the 29<sup>th</sup> October 2028. The Issuer reserves the right to redeem all or any part of the Bonds on any of the Early Redemption Dates in accordance with the Early Redemption Schedule. The Issuer shall give at least thirty (30) days' notice in writing to all Bondholders of its intention to affect such earlier redemption, stating the number of Bonds that will be redeemed on that Early Redemption Date and the manner in which it shall select the Bonds for such early redemption.

### 17.11.3 The Early Redemption Schedule

Period	Early Redemption Nominal Value
29 <sup>th</sup> October 2025 to 28 <sup>th</sup> October 2026	103%
29 <sup>th</sup> October 2026 to 28 <sup>th</sup> October 2027	102%
29 <sup>th</sup> October 2027 to 29 <sup>th</sup> October 2028	100%

As indicated in the table, in the event that the Early Redemption Date lies between 29<sup>th</sup> October 2025 and 28<sup>th</sup> October 2026, the Issuer will be obliged to pay to bondholders a 3% premium on the nominal value of the bonds selected for early redemption (together with interest accrued to the date fixed for redemption). In the event that the Early Redemption Date lies between 29<sup>th</sup> October 2026 and 28<sup>th</sup> October 2027, the Issuer will be obliged to pay to bondholders a 2% premium on the nominal value of the bonds selected for early redemption (together with interest accrued to the date fixed for redemption). Early Redemption occurring after 29<sup>th</sup> October 2027 will be redeemed at par.

## 17.12 Events of Default

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

- the Issuer and/or the Guarantor, as the case may be, shall fail to pay any interest on any Bond when due and such failure shall continue for thirty (30) days after written notice thereof shall have been given to the Issuer and/or the Guarantor, as the case may be, by any Bondholder; or
- 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 sixty (60) days after written notice thereof shall have been given to the Issuer by any Bondholder; or
- 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
- the Issuer stops or suspends payments (whether of principal or interest) with respect to all or any class of its debts or announces an intention to do so or ceases or threatens to cease to carry on its business or a substantial part of its business; or
- the Issuer is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent; or
- 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 one million Euro (€1,000,000) or its equivalent and ninety (90) days shall have passed since the date of entry of such judgment without its having been satisfied or stayed; or
- any default occurs and continues for ninety (90) days under any contract or document relating to any Financial Indebtedness (as defined above) of the Issuer in excess of one million Euro (€1,000,000) or its equivalent at any time;
- A Change of Control event has occurred.

## 17.13 Transferability of the Bonds

17.13.1 The Bonds are freely transferable and, once admitted to the Prospects MTF List, shall be transferable only in whole (in multiples in €100) in accordance with the rules and regulations of the MSE applicable from time to time. If Bonds are transferred in part, the transferee thereof will not be registered as a Bondholder.

17.13.2 Any person becoming entitled to a Bond in consequence of the death or bankruptcy of a Bondholder may, upon such evidence being produced as may, from time to time, properly be required by the Issuer or the CSD, elect either to be registered himself as holder of the Bond or to have some person nominated by him registered as the transferee thereof. If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the CSD a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered he shall testify his election by transferring the Bond, or procuring the transfer of the Bond, in favour of that person. Provided always that if a Bond is transmitted in furtherance of this paragraph, a person will not be registered as a Bondholder unless such transmission is made in multiples of €100.

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

17.13.4 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 person to whom the transfer / transmission has been made.

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

## 17.14 Further Issues

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

## 17.15 Meetings of Bondholders

17.15.1 The Issuer may, from time to time, call meetings of Bondholders for the purpose of consultation with Bondholders or for the purpose of any of the following:

- i. considering and approving any matter affecting their interest, including the amendment, modification, waiver, abrogation or substitution of any of the Terms and Conditions of the Bonds and the rights of the Bondholders, whether or not those rights arise under the Admission Document;
- ii. considering and approving the exchange or substitution of the Bonds by, or the conversion of the Bonds into, shares, debentures or other obligations or securities of the Issuer; and
- iii. obtaining the consent of Bondholders on other matters which in terms of the Admission Document require the approval of a Bondholders' meeting in accordance with the below.

17.15.2 A meeting of Bondholders shall be called by the Directors by giving all Bondholders listed on the register of Bondholders as at a date being not more than thirty (30) days preceding the date scheduled for the meeting, not less than fourteen (14) days' notice in writing. Such notice shall set out the time, place and date set for the meeting and the matters to be discussed or decided thereat, including, if applicable, sufficient information on any amendment of the Document that is proposed to be voted upon at the meeting and seeking the approval of the Bondholders. Following a meeting of Bondholders held in accordance with the provisions contained hereunder, the Issuer shall, acting in accordance with the resolution(s) taken at the meeting, communicate to the Bondholders 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.

17.15.3 The amendment of any of the Terms and Conditions of issue 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.

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

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

17.15.6 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 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.

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

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

17.15.9 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.

## 17.16 Authorizations and approvals

The Directors authorised the Bond Issue and the publication of the Admission Document pursuant to a board of Directors' resolution passed on 25<sup>th</sup> September 2018. The guarantee being given by the Guarantor in respect of the Bonds has been authorised by a resolution of the board of Directors of the Guarantor dated 25<sup>th</sup> September 2018.

## 17.17 Admission to trading

Application has been made to the Malta Stock Exchange for the Bonds being issued pursuant to the Admission Document to be traded on its Prospects MTF List. The Bonds are expected to be admitted to the Malta Stock Exchange with effect from 31<sup>st</sup> October 2018 and trading is expected to commence on the 1<sup>st</sup> November 2018. Dealing may commence prior to notification of the amount allotted being issued to Applicants.

## 17.18 Representations and warranties

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

- i. it is duly incorporated and validly existing under the laws of Malta and has the power to carry on its business as it is now being conducted and to hold its property and other assets under legal title;
- ii. it has the power to execute, deliver and perform its obligations under the Document and that all necessary corporate, shareholder and other actions have been duly taken to authorise the execution, delivery and performance of the same, and further that no limitation on its power to borrow or guarantee shall be exceeded as a result of the Terms and Conditions or the Document; and
- iii. no litigation, arbitration or administrative proceedings are taking place, pending or, to the knowledge of the officers of the Issuer, threatened against the Issuer which could have a material adverse effect on the business, assets or financial condition of the Issuer.

17.18.2 The Admission Document contains all relevant material information with respect to the Issuer and the Guarantor and all information contained in the Document is in every material respect true and accurate and not misleading, and there are no other facts in relation to the Issuer and/or the Guarantor, their respective businesses and financial position, the omission of which would, in the context of issue of



the Bonds, make any statement in the Admission Document misleading or inaccurate in any material respect.

### **17.19 Bonds held jointly**

In respect of any Bonds held jointly by several persons (including husband and wife), the joint holders shall nominate one (1) of their number as their representative and his/her name will be entered in the register with such designation. The person whose name shall be inserted in the field entitled "Applicant" on the Application Form, or the first named in the register of Bondholders shall, for all intents and purposes, be deemed to be such nominated person by all those joint holders. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Bond/s so held.

### **17.20 Bonds held subject to usufruct**

In respect of a Bond held subject to usufruct, the name of the bare owner and the usufructuary shall be entered in the register. The usufructuary shall, for all intents and purposes, be deemed vis-a-vis the Issuer to be the holder of the Bond/s so held and shall have the right to receive interest on the Bond/s and to vote at meetings of the Bondholders but shall not, during the continuance of the Bond/s, have the right to dispose of the Bond/s so held without the consent of the bare owner, and shall not be entitled to the repayment of principal on the Bond made payable on the joint instructions of the usufructuary and bare owner.

### **17.21 Change of Control**

Upon the occurrence of certain "change of control events", the Issuer will be required to offer to repurchase the Bonds at a purchase price equal to 101% of their aggregate principal amount, plus accrued and unpaid interest and additional amounts, if any, to the date of such repurchase.

If a Change of Control occurs, each holder of Bonds will have the right to require the Issuer to repurchase all or any part of that holder's Bonds pursuant to an offer (a "Change of Control Offer"). In the Change of Control Offer, the Issuer will offer a payment in cash equal to 101% of the aggregate principal amount of Bonds repurchased plus accrued and unpaid interest and additional amounts, if any, on the Bonds repurchased, to the date of purchase (a "Change of Control Payment") (subject to the rights of holders of record on the relevant record date to receive interest due on the relevant interest payment date). Within 30 days following any Change of Control, the Issuer will (i) cause the Change of Control Offer to be published, if at the time of such notice the Bonds are admitted to trading on the Prospects MTF of the Malta Stock Exchange and its rules so require, and in the manner permitted by such rules, on the official website of the Malta Stock Exchange ([www.borzamalta.com.mt](http://www.borzamalta.com.mt)); and (ii) mail the Change of Control Offer to each registered bondholder. The Change of Control Offer will describe the transaction or transactions that constitute the Change of Control and will offer to repurchase Bonds on the date (the "Change of Control Payment Date") specified therein, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed, pursuant to the procedures described in such notice. The Issuer will comply with the requirements of any securities laws and the regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Bonds as a result of a Change of Control. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provision, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached their obligations under the Change of Control provisions by virtue of such conflict. On the Change of Control Payment Date, the Issuer will, to the extent lawful:

- (1) accept for payment all Bonds or portions of Bonds properly tendered pursuant to the Change of Control Offer;
- (2) deposit with the Placement Agent and Manager an amount equal to the Change of Control Payment in respect of all Bonds or portions of Bonds properly tendered.



The Manager and Registrar will promptly mail (or otherwise cause to be paid) to each Bondholder properly tendered the Change of Control Payment for such Bonds, and the Registrar will promptly authenticate and mail (or cause to be transferred by book entry at the CSD) to each holder a new holding of Bonds equal in principal amount to any unpurchased portion of the Bonds surrendered.

Except as described with respect to a Change of Control, the Bonds do not contain provisions that permit the holders of the Bonds to require that the Issuer repurchase or redeem the Bonds.

The Issuer also will not be required to make a Change of Control Offer following a Change of Control if the Issuer has already issued a redemption notice in respect of all of the Bonds. Notwithstanding anything to the contrary herein, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time of making the Change of Control Offer.

The definition of Change of Control, considered to be “change of control events” include:

- (1) the direct or indirect sale, lease, transfer, conveyance or other disposition of “all or substantially all” of the properties or assets of the Issuer or Guarantor and the Group taken as a whole.
- (2) in the event of a takeover, recapitalization or similar transaction of the Issuer or Guarantor, whereby the majority shareholding, measured by voting power rather than number of shares, of the Issuer or Guarantor and the Group taken as a whole, either in one or several transactions has been transferred to a third party.

Although there is a limited body of case law interpreting the phrase “substantially all,” there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of Bonds to require the Issuer to repurchase its’ Bonds as a result of a “change of control event” may be uncertain.

## **18. TERMS AND CONDITIONS OF THE BOND ISSUE**

- 18.1 The issue and allotment of the Bonds is conditional upon the Bonds being admitted to the Prospects MTF List. In the event that the Bonds are not admitted to the Prospects MTF List any Application monies received by the Issuer will be returned without interest by direct credit into the Applicant’s bank account indicated by the Applicant on the relative Application Form. If no such bank account number is provided, or in the event that bank account details on the Application Form are incorrect or inaccurate, such returns will be made by means of a cheque mailed to the Applicant’s address (or, in the case of joint Applications, the address of the first named Applicant) indicated in the Application Form.
- 18.2 The Issuer has established a minimum subscription level of least €3,000,000 for the Bond Issue.
- 18.3 It is the responsibility of investors wishing to apply for the Bonds to inform themselves as to the legal requirements of so applying, including any requirements relating to external transaction requirements in Malta and any exchange control in the countries of their nationality, residence or domicile.
- 18.4 The contract created by the Issuer’s acceptance of an Application filed by a prospective bondholder shall be subject to all the terms and conditions set out in this Document and the Memorandum and Articles of Association of the Issuer.
- 18.5 Any person, whether natural or legal, shall be eligible to submit an Application and any one (1) person, whether directly or indirectly, should not submit more than one (1) Application Form. If an Application Form is signed on behalf of another party or on behalf of a corporation or corporate entity or association of persons, the person signing will be deemed to have duly bound his 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/or the Corporate

Advisor, but it shall not be the duty or responsibility of the Corporate Advisor or Issuer to ascertain that such representative is duly authorised to appear on the Application Form and bind the Applicant.

- 18.6 In the case of joint Applications, reference to the Applicant in these Terms and Conditions is a reference to each of the joint Applicants, and liability therefor is joint and several.
- 18.7 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 accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application Form 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 eighteen (18) years, following which all interest and redemption monies shall be paid directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years.
- 18.8 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.
- 18.9 No person receiving a copy of the Document 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.
- 18.10 It is the responsibility of any person outside Malta wishing to make any Application to satisfy himself/herself/itself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.
- 18.11 Subject to all other terms and conditions set out in the Document, the Issuer reserves the right to reject, in whole or in part, or to scale down, any Application, including multiple or suspected multiple applications, 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 is not properly completed in all respects in accordance with the instructions or is not accompanied by the required documents. Only original Application Forms will be accepted and photocopies/facsimile copies will not be accepted.
- 18.12 Save where the context requires otherwise or where otherwise defined therein, terms defined in the Document bear the same meaning when used in these Terms and Conditions, in the Application Forms, in any of the Annexes and in any other document issued pursuant to the Admission Document.
- 18.13 The Issuer has not sought assessment of the Bonds by any independent credit rating agency.
- 18.14 Subject to all other terms and conditions set out in the Document, the Issuer reserves the right to revoke the Issue at any time before the closing of the Issue Period. The circumstances in which such revocation might occur are expected to be exceptional, for example where a significant change in market conditions occurs.
- 18.15 The Bonds will be issued in multiples of €100. The minimum subscription amount of Bonds that can be subscribed for by all Applicants is €2,000.
- 18.16 The completed Application Forms are to be lodged with the Placement Agent and Manager. An authorized financial intermediary shall, prior to accepting an Application, conduct an Appropriateness Test in respect of the Applicant and, based on the results of such test, be satisfied that an investment in the Bonds may be considered appropriate for the Applicant. To the extent that the authorized financial intermediary is providing advice in respect of a purchase of the Bonds by an Applicant, the authorized financial intermediary shall also be required to conduct a Suitability Test in respect of the Applicant and,

based on the results of such test, be satisfied that an investment in the Bonds may be considered suitable for the Applicant.

For the purpose of this Document, the term “Appropriateness Test” means the test conducted by any licensed financial intermediary, when providing an investment service (other than investment advice or portfolio management) in relation to the subscription for and the trading of Bonds, for the purpose of such licensed financial intermediary determining (after collecting the necessary information) whether the investment service or the Bonds are appropriate for the prospective Applicant or prospective transferee. In carrying out this assessment, the licensed financial intermediary shall ask the Applicant or the prospective transferee to provide information regarding the Applicant or transferee’s knowledge and experience so as to determine that the Applicant or transferee has the necessary experience and knowledge in order to understand the risks involved in relation to the Bonds or investment service offered or demanded, in accordance with Part BI of the Investment Services Rules (“ISR”). In the event that the licensed financial intermediary considers, on the basis of the test conducted, that the transfer of Bonds is not appropriate for the Applicant or prospective transferee, the licensed financial intermediary shall reject the prospective Applicant’s request to subscribe for or acquire Bonds, irrespective of whether the Applicant or transferee is warned that the investment in the Bonds is not appropriate for the Applicant or transferee;

For the purpose of this Securities Note, the term “Suitability Test” means the process through which a licensed financial intermediary providing investment advice or portfolio management services in relation to the subscription for and trading of Bonds obtains such information from the Applicant or prospective transferee as is necessary to enable the licensed financial intermediary to recommend to or, in the case of portfolio management, to effect for, the Applicant or prospective transferee, the investment service and trading in Bonds that are considered suitable for him/her, in accordance with Part BI of the ISR. The information obtained pursuant to this test must be such as to enable the licensed financial intermediary to understand the essential facts about the Applicant or prospective transferee and to have a reasonable basis for believing, giving due consideration to the nature and extent of the service provided, that the specific transaction to be recommended, or to be entered into in the course of providing a portfolio management service, satisfies the following criteria:

- it meets the investment objectives of the Applicant or prospective transferee in question;
- it is such that the Applicant or prospective transferee is able financially to bear any related investment risks consistent with investment objectives of such Applicant or prospective transferee; and
- it is such that the Applicant or prospective transferee has the necessary experience and knowledge in order to understand the risks involved in the transaction or in the management of his portfolio.

18.17 For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations, issued under the Prevention of Money Laundering Act (Chapter 373 of the Laws of Malta), as amended from time to time, the Placement Agent and Manager are under a duty to communicate to the CSD, all information about clients as is required under the Implementing Procedures issued by the Financial Intelligence Analysis Unit under the said Regulations and Articles 1.2(d) and 2.4 of the “Members’ Code of Conduct” appended as Appendix 3.6 to Chapter 3 of the Malta Stock Exchange Bye-Laws. Such information shall be held and controlled by the Malta Stock Exchange in terms of the Data Protection Act (Cap. 440 of the laws of Malta) and ancillary legislation as may be promulgated from time to time, including in terms of the General Data Protection Regulation (Regulation (EU) 2016/679), for the purposes and within the terms of the Malta Stock Exchange Data Protection Policy as published and as may from time to time be amended having regard to the provisions of the General Data Protection Regulation provisions.

18.18 By completing and delivering an Application Form, the Applicant:

- agrees and acknowledges to have had the opportunity to read the Admission Document and to be deemed to have had notice of all information and representations concerning the Issuer and the Guarantor and the issue of the Bonds contained therein;
- warrants that the information submitted by the Applicant in the Application Form is true and correct in all respects and in the case where an MSE account number is indicated in the Application Form, 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 the Application Form 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;
- authorises the Placement Agent and Manager and the Directors of the Issuer to include his/her/its name or, in the case of joint Applications the first named Applicant, in the register of debentures of the Issuer in respect of the Bonds allocated to such Applicant and further authorises the Issuer and the MSE to process the personal data that the Applicant provides in the Application Form, for all purposes necessary and subsequent to the Bond Issue applied for, in accordance with the Data Protection Act (Chapter 440 of the laws of Malta). The Applicant has the right to request access to and rectification of the personal data relating to him/her/it as processed by the Issuer and/or the MSE. Any such requests must be made in writing and sent to the Issuer at the address indicated in the Admission Document. The requests must further be signed by the Applicant to whom the personal data relates;
- confirms that in making such Application no reliance was placed on any information or representation in relation to the Issuer, the Guarantor or the issue of the Bonds other than what is contained in the Admission Document and, accordingly, agree/s that no person responsible solely or jointly for the Document or any part thereof will have any liability for any such other information or representation;
- agrees that the registration advice and other documents and any monies returnable to the Applicant may be retained pending clearance of his/her/its remittance and any verification of identity as required by the Prevention of Money Laundering Act (Chapter 373 of the laws of Malta) and regulations made thereunder, and that such monies will not bear interest;
- agrees to provide the Placement Agent and Manager and/or the Issuer, as the case may be, with any information which it/they may request in connection with the Application;
- warrants, in connection with the Application, to have observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with his/her/its Application in any territory, and that the Applicant has not taken any action which will or may result in the Issuer or the Corporate Advisor acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Bonds or his/her/its Application;
- warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;
- represents that the Applicant is not a U.S. person (as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended) and that he/she/it is not accepting the invitation set out in the Admission Document 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;
- agrees that all documents in connection with the issue of the Bonds and any returned monies, including refunds of all unapplied Application monies, if any, will be sent at the Applicant's own risk and may be sent, in the case of documents, by post at the address (or, in the case of joint Applications, the address of the first named Applicant) as set out in the Application Form and in the case of monies by direct credit into the Applicant's bank account as indicated by the Applicant on the Application Form;
- 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;
- irrevocably offers to purchase the number of Bonds specified in his/her/its Application Form (or any smaller number for which the Application is accepted) at the Bond Issue Price subject to

the Admission Document, the terms and conditions thereof and the Memorandum and Articles of Association of the Issuer;

- warrants that his/her/its remittance will be honoured on first presentation and agrees that if such remittance is not so honoured he/she/it will not be entitled to receive a registration advice, or to be registered in the register of debentures or to enjoy or receive any rights in respect of such Bonds unless and until payment in cleared funds for such Bonds is received and accepted by the Issuer and/or the Corporate Advisor (which acceptance shall be made in the absolute discretion of the Issuer and/or the Corporate Advisor and may be on the basis that the Issuer and/or the Corporate Advisor is indemnified against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of such remittance to be honoured on first presentation) and that, at any time prior to unconditional acceptance by the Issuer and/or the Corporate Advisor of such late payment in respect of such Bonds, the Issuer and/or the Corporate Advisor may (without prejudice to other rights) treat the agreement to allocate such Bonds as void and may allocate such Bonds to some other person, in which case the Applicant will not be entitled to any refund or payment in respect of such Bonds (other than return of such late payment);
- agrees that all Applications, acceptances of applications and contracts resulting therefrom will be governed by, and construed in accordance with, Maltese law and that he/she/it submits to the exclusive jurisdiction of the Maltese Courts and agrees that nothing shall limit the right of the Issuer to bring any action, suit or proceeding arising out of or in connection with any such Applications, acceptances of applications and contracts in any other manner permitted by law in any court of competent jurisdiction;
- warrants that if he/she signs the Application Form on behalf of another party or on behalf of a corporation or corporate entity or association of persons, he/she has due authority to do so and such person, corporation, corporate entity or association of persons will also be bound accordingly, and will be deemed also to have given the confirmations, warranties and undertakings contained in these Terms and Conditions;
- warrants that he/she is not under the age of eighteen (18) years or if he/she is lodging an Application in the name and for the benefit of a minor, warrants that he/she is the parent/s or legal guardian/s of the minor;
- confirms that, in the case of a joint Application entered into in joint names, the first named Applicant shall be deemed the holder of the Bonds; and
- agrees that, in all cases, any refund of unallocated Application monies, if any, will be sent to the Applicant by direct credit into the Applicant's bank account as indicated by the Applicant on the Application Form. No interest shall be due on refunds. The Issuer shall not be responsible for any changes, loss or delay in transmission. If no such bank account number is provided, or in the event that bank account details on the Application Form are incorrect or inaccurate, such refund will be made by means of a cheque mailed to the Applicant's address (or, in the case of joint Applications, the address of the first named Applicant) indicated in the Application Form.

## 19. TAXATION

### 19.1 General

Investors and prospective investors are urged to seek professional advice as regards both Maltese and any foreign tax legislation which may be applicable to them in respect of the Bonds, including their acquisition, holding and disposal, as well as any income/gains derived therefrom or made on their disposal. The following is a summary of the anticipated tax treatment applicable to the Bonds and to Bondholders in so far as taxation in Malta is concerned. This information does not constitute legal or tax advice and does not purport to be exhaustive.

The information below is based on an interpretation of tax law and practice relative to the applicable legislation, as known to the Issuer at the date of the Admission Document, 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.

## **19.2 Malta Tax on Interest**

Since interest is payable in respect of a Bond which is the subject of a public issue, unless the Issuer is otherwise instructed by a Bondholder or if the Bondholder does not fall within the definition of “recipient” in terms of article 41(c) of the Income Tax Act (Chapter 123 of the laws of Malta), interest shall be paid to such person net of a final withholding tax, currently at the rate of 15% of the gross amount of the interest, pursuant to article 33 of the said Income Tax Act. Interest payments made to Prescribed Funds will be subject to a final withholding tax at the rate of 10%. 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. For the purpose of the above, a “recipient” is generally a person who is resident in Malta during the year in which investment income is payable to him or other persons or entities acting on behalf of such resident person or a trustee or foundation pursuant to or by virtue of which any money or other property whatsoever shall be paid or applied to or for the benefit of such resident persons.

This withholding tax is considered as a final tax and a Maltese resident individual Bondholder may not declare the interest so received in his income tax return. No person shall be charged to further tax in respect of such income.

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 income tax return and be subject to tax on it at the progressive rate/s applicable to that person at that time. Additionally, in this latter case the Issuer will advise the Inland Revenue on an annual basis in respect of all interest paid gross and of the identity of all such recipients unless the beneficiary does not qualify as a “recipient” in terms of article 41(c) of the Income Tax Act. Any such election made by a resident Bondholder at the time of subscription may be subsequently changed by giving notice in writing to the Issuer. Such election or revocation will be effective within the time limit set out in the Income Tax Act.

In terms of article 12(1)(c) of the Income Tax Act, Bondholders who are not resident in Malta satisfying the applicable conditions set out in the Income Tax Act are not taxable in Malta on the interest received and will receive interest gross, subject to the requisite declaration/evidence being provided to the Issuer in terms of law.

## **19.3 Foreign Account Tax Compliance Act**

The United States has enacted rules, commonly referred to as “FATCA”, that generally impose a new reporting regime and withholding requirements with respect to certain US source payments (including dividends and interest), gross proceeds from the disposition of property that can produce US source interest and dividends and certain payments made by, and financial accounts held with, entities that are classified as financial institutions under FATCA. The United States has entered into an intergovernmental agreement with Malta dated 6 December 2013 regarding the implementation of FATCA with Malta. Payments effected by the Issuer on or with respect to the Bonds are not expected to be subject to withholding under FATCA except to the extent that any Bondholder fails to comply with its obligations under FATCA. However, FATCA may affect payments made to custodians or intermediaries, if any, in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payments to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that



may be necessary for the payments to be made free of FATCA withholding. Bondholders should choose any custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. The Issuer's obligations under the Bonds are discharged once it has effected payment as stipulated in this Admission Document and therefore the Issuer has no responsibility for any amount thereafter transmitted through the payment chain.

FATCA requires participating financial institutions to satisfy applicable due diligence and reporting requirements in terms of the intergovernmental agreement entered into by Malta together with the relevant regulations and guidelines issued by the Commissioner for Revenue. Consequently certain confidential information in relation to the Bondholders and/or other relevant persons may be reported to the Commissioner for Revenue and automatically exchanged pursuant to these requirements.

FATCA is particularly complex. Each Bondholder should consult his own tax advisor to obtain a more detailed explanation of FATCA and to learn how it might affect such holder in his specific circumstance.

#### **19.4 Directive on Administrative Cooperation in the Field of Taxation**

The Council of the European Union has adopted Directive 2014/107/EU amending Directive 2011/16/EU on administrative cooperation in the field of taxation so as to introduce an extended automatic exchange of information regime that implements the OECD measures known as the "Common Reporting Standard". Member States are required to begin exchanging information pursuant to this Directive no later than 30 September, 2017 (subject to deferral under transitional rules in the case of Austria).

Malta has transposed Directive 2014/107/EU into national law by means of Legal Notice 384 of 2015 amending the Cooperation with Other Jurisdictions on Tax Matters Regulations. In terms of this legal notice, the automatic exchange of information obligations extends also to jurisdictions that are not EU Member States with which there is a relevant arrangement in place.

In consequence, financial institutions of an EU Member State and of participating jurisdictions will be required to report to their respective tax authorities certain financial account information in respect of account holders (and in some cases, beneficial holders), that are residents of another EU Member State or of a participating jurisdiction in order to be exchanged automatically with the tax authorities of the other EU Member States or participating jurisdictions. Financial account information in respect of holders of the Bonds could fall within the scope of EU Directive 2014/107/EU and the may therefore be subject to reporting obligations.

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

To the extent that the Bonds do 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 instruments that participate in any way in the profits of the company and whose return is not limited to a fixed rate of return*", no Malta tax on capital gains should be chargeable in respect of transfers of Bonds held as capital assets at the time of disposal.

#### **19.6 Duty on documents and transfers**

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

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

## 19.7 Tax status of the Group

The Maltese incorporated companies forming part of the Group should be subject to tax in Malta at the standard corporate tax rate, which currently stands at 35%.

Income from foreign sources received by such companies (including capital gains, dividends, interest and any other income) is also subject to tax in Malta at the rate of 35%, subject to claiming relief for double taxation in terms of the provisions of the Income Tax Act (Chapter 123 of the laws of Malta).

**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 BOND 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.**

## 20. LITIGATION PROCEEDINGS

The Guarantor is involved in the following judicial proceedings:

- 1.) The Guarantor is currently a defendant to a civil suit in the First Hall, Civil Court instituted by Zamsul Contractors Limited in the names 'Zamsul Contractors Limited vs. Pharmacare Premium Limited' case number 1187/2011 filed on the 30th November 2011. Zamsul Contractors Limited (the 'Plaintiff') is claiming that Pharmacare Premium (the 'Defendant') has not paid the invoices in relation to architectural works and machinery furnished by the Plaintiffs and is requesting the payment of such invoices. On the other hand, the Defendant has countered that all payments due have been paid and in return has requested a refund for the additional payments made. The dispute in question amounts to €69,380.86. The judicial proceedings are still ongoing,
2. The Guarantor is currently also a defendant to a civil suit before the Court of Magistrates instituted by PSV Turnkey Contractors Limited (the 'Plaintiff') in the names 'PSV Turnkey Contractors Limited vs. Pharmacare Premium Limited' case number 102/2012 filed on the 22nd March 2012. The Plaintiff is claiming that it is owed €8,000 by Pharmacare Premium (the 'Defendant') for trenching services. The Defendant, on its part, has countered the claim in that such services should have been included within the initial quotation of costs provided and as such the amounts claimed are not due. The judicial proceedings are still ongoing.
3. The Guarantor is currently also a defendant to a civil suit before the Civil Court (First Hall) instituted by Av Joseph Camilleri noe (the 'Plaintiff') in the names 'Camilleri Joseph L-Avukat Dottor noe vs Pharmacare Premium Limited' case number 215/2017 filed on the 8th of March 2017. The dispute in question concerns facility flooring and furnishing works done by the Plaintiff for Pharmacare Premium (the 'Defendant'). The Plaintiff is claiming that the Defendant owes monies to the Plaintiff for additional unpaid invoices. The Defendant countered the claim by stating that the works performed were not up to standard and as a consequence, payments were withheld. The Defendant is also counterclaiming against the Plaintiff for the reimbursement of all payments made. The amount in dispute is that of €152,000. The judicial proceedings are still ongoing.

Other than the above judicial proceedings, there have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the period covering twelve months prior to the date of the Admission Document which may have, or have had, in the recent past significant effects on the financial position or profitability of the Issuer, and/or the Group.

## 21. GOVERNING LAW

The Bonds are governed by and shall be construed in accordance with Maltese law. Any legal action, suit or proceedings against the Issuer and/or the Guarantor arising out of or in connection with the Bonds and/or the Admission Document shall be brought exclusively before the Maltese courts.

## 22. NOTICES

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

## 23. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents or certified copies thereof, where applicable, are available for inspection at the registered office of the Issuer at HHF 003, HAL FAR INDUSTRIAL ESTATE, HAL FAR, Malta during the term of the Bond Issue during office hours:

1. the Memorandum and Articles of Association of the Issuer;
2. the Memorandum and Articles of Association of the Guarantor;
3. the Audited financial statements of the Guarantor for the years ended 31 December 2015, 2016 and 2017;
4. The documents listed in 3 above are also available for inspection in electronic form on the Issuer's website **[www.pharmacarefinance.com](http://www.pharmacarefinance.com)**

## 24. Annex A – Loan Agreement

### LOAN AGREEMENT

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This Loan Agreement (hereinafter referred to as the “**Agreement**”) is made and entered into this: 24<sup>th</sup> September 2018

**BETWEEN:** **Pharmacare Finance p.l.c** a public company constituted and registered at HHF 003, Hal Far Industrial Estate, Hal Far, Birzebbugia, Malta, with company registration number C 86057 (hereinafter referred to as the “**Lender**”)

**AND:** **Pharmacare Premium Limited** a private company constituted and registered at HHF 003, Hal Far Industrial Estate, Hal Far, Birzebbugia, Malta, with company registration number C 45245 (hereinafter referred to as the “**Borrower**”)

Hereinafter individually referred to as the “**Party**” and collectively the “**Parties**”

#### LOAN AMOUNT/FACILITY

1. As at the date of the signing of this Agreement, the Lender has agreed to lend and the Borrower has agreed to borrow a loan to the aggregate total sum of four million eight hundred and sixty thousand Euro (EUR 4,860,000), (hereinafter referred to as the “**Loan**”).

#### TERM OF THE FACILITY

2. The Loan shall be granted for a term of ten (10) years (hereinafter the “**Term**”).
3. The Term shall start to run from the date of this Agreement.

#### REPAYMENT AND INTEREST PROVISIONS

4. The Borrower shall pay Interest per annum under the terms and conditions of this Agreement in accordance with the amount stipulated in this section.
5. The Parties agree that the Loan shall bear an interest rate of 6.85%.
6. The Parties agree that the Interest shall be charged on daily debit balance and will be computed on the basis of a year of 360 days and that Interest every year.

#### REPAYMENT OF LOAN

7. The Loan together with the Interest due and payable may be prepaid totally three (3) years before the Term.
8. The principal of the loan is payable in total on the Term.
9. On the Term, the Borrower shall, in addition pay to the Lender any sums which remain due and outstanding under this Agreement.
10. If a payment under this Agreement is due on a day which is not a business day, the due date for that payment shall instead be the next business day.
11. The Borrower may not re-borrow any part of the Loan which is repaid.



## LOAN AGREEMENT

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### ASSIGNMENTS

12. The Parties agree that they may assign any of their rights and obligations under this Agreement, provided that written consent of each Party is obtained.

### REPRESENTATIONS

13. The Borrower makes the following representations and warranties to the Lender on the date of this Agreement:
- i. It is a corporation, duly incorporated and validly existing under the law of its jurisdiction of incorporation;
  - ii. It and each of its subsidiaries, has the power to own assets, lend funds and carry on business as it is being conducted;
  - iii. The obligations expressed to be assumed by it in this Agreement are legal, valid, binding and enforceable obligations;
  - iv. The entry into and performance by it of, and the transactions contemplated by, this Agreement do not and will not conflict with (a) any law or regulation applicable to it; (b) its or any of its subsidiaries' constitutional documents; (c) any agreement or instrument binding upon it or any of its subsidiaries or its or any of its subsidiaries' assets;
  - v. It has the power to enter into, perform and deliver and has taken all necessary action to authorize its entry into, performance and deliver of the Loan Agreement.

### LIABILITY AND SANCTIONS

14. The Borrower hereby certifies that the entire information provided, or which is to be provided, in relation with granting or usage of Loan is correct.
15. The Borrower shall be liable with all its property for non-fulfilment of its obligations under this Agreement and for the total amount of the damages caused by the Lender by reason of non-fulfilment of the Agreement or providing false information used upon conclusion of this Agreement or during its performance.
16. The Lender shall be entitled to claim immediate payment upon notice in writing to the Borrower of the total amount due under this Agreement before expiry of its term in the case the Borrower violates the conditions of the Agreement.

### STANDARD OF FULFILMENT OF THE AGREEMENT

17. Each of the Parties hereof shall be obliged to fulfill its obligations with the due care, effectively and economically, in compliance with common techniques and practice corresponding to the professional standards applicable to the object of this Agreement.

### NOTICE

18. All notices pertaining to this Agreement shall be served by fax, electronic mail or registered mail to the addresses provided for in this agreement or as subsequently updated by each party in the event of a change, provided that notice of such change is duly acknowledged by the other party to this Agreement. Where notice is sent by registered mail, it shall be deemed to have been served five (5) days following the date on which it was posted and in the case of notice sent by fax or electronic transmission, on the day of transmission. The Parties agree that any terms can be varied by mutual agreement at that point.



## LOAN AGREEMENT

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### CONCLUDING PROVISIONS

19. Whenever possible, each provision of this Agreement will be interpreted in such a manner as to be effective and valid under applicable law but, if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect, such provision will be ineffective only to the extent of such invalidity, or unenforceability, without invalidating the remainder of this Agreement or any other provision hereof.
20. This Agreement (including any variation or modification thereto) shall be deemed executed in Malta and shall be governed by and interpreted in accordance with the laws of Malta. The courts of Malta shall have exclusive jurisdiction over this Agreement or its enforceability.

Signed in duplicate today the 24/9/2018

*for Pharmacare Finance p.l.c*



Hani Sarraf  
Company Secretary

*for Pharmacare Premium Ltd.*



Amin Farah  
Managing Director



Hani Sarraf  
Director



## 25. Annex B – Guarantee

### GUARANTEE

**Pharmacare Premium Limited - C 45245**

**(the “Guarantor”)**

To All Bondholders:

Reference is made to the issue of €5,000,000 5.75% unsecured bonds due 2028 (the “Bonds”) by Pharmacare Finance plc (the “Issuer”) pursuant to and subject to the terms and conditions contained in the admission document to be dated 17<sup>th</sup> October 2018 (the “Admission Document” and or “Document”).

Now, therefore, by virtue of this Guarantee, Pharmacare Premium Limited hereby stands surety with the Issuer and irrevocably and unconditionally undertakes to effect the due and punctual performance of all the payment obligations undertaken by the Issuer under the Bonds if the Issuer fails to do so and, without prejudice to the generality of the foregoing, undertakes to pay on an on-going basis, interest which may become due and payable during the term of the Bonds and the principal amount of the Bonds on the Redemption Date should the Issuer default in paying the Bondholders under the Bonds.

All words and expressions used in this Guarantee in their capitalised form shall, unless the context otherwise requires, have the same meaning assigned to them in the Admission Document.

Signed and executed on this 17<sup>th</sup> October 2018, after obtaining approval of the board of Directors of Pharmacare Premium Limited.

### NATURE, SCOPE AND TERMS OF THE GUARANTEE

#### 1. Nature of the Guarantee

The offering of Bonds that will be made by the Issuer pursuant to the Document will be made with the benefit of this corporate guarantee.

#### 2. Scope of the Guarantee

The Guarantee is unconditional and shall cover all payments that may be due to Bondholders pursuant to the Admission Document.

#### 3. Information about the Guarantor

All relevant information about the Guarantor as required in terms of applicable law may be found in the Admission Document.

#### 4. Terms of the Guarantee

##### 4.1 Guarantee

For the purposes of the Guarantee, the Guarantor irrevocably and unconditionally undertakes to each Bondholder that if for any reason the Issuer fails to pay any sum payable by it to such Bondholder pursuant to the terms of the Bonds detailed in the Admission Document as and when the same shall become due, the Guarantor will pay to such Bondholder on demand the amount payable by the Issuer to such Bondholder. Such payment shall be made in the currency in force in Malta at the time the payment falls due.

#### **4.2 Continuing obligations**

The obligations under this Guarantee being given by the Guarantor are continuing obligations and will remain in full force and effect until no sum remains payable to any Bondholder pursuant to the issue of the Bonds.

#### **4.3 Repayment to the Issuer**

If any payment received by a Bondholder is, on subsequent liquidation or insolvency of the Issuer, avoided under any laws relating to liquidation or insolvency, such payment will not be considered as having discharged or diminished the liability of the Guarantor, and this Guarantee will continue to apply as if such payment had at all times remained owing by the Issuer.

#### **4.4 Indemnity**

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

#### **4.5 Status of Guarantee**

The obligations of the Guarantor under this Guarantee constitute a general, direct, unconditional and unsecured obligation of the Guarantor and rank equally with all other existing and future unsecured obligations of the Guarantor, if any, except for any debts for the time being preferred by law.

#### **4.6 Power to execute**

The Guarantor hereby warrants and represents to each Bondholder that it has all corporate power, and has taken all necessary corporate or other steps, to enable it to execute, deliver and perform this Guarantee, and that this Guarantee constitutes the legal, valid and binding obligations of the Guarantor.

#### **4.7 Deposit and production of the Guarantee**

The instrument creating this Guarantee shall be deposited with and held by the Issuer at its registered address. Until such time as all obligations of the Guarantor hereunder have been discharged in full, every Bondholder shall have the right to obtain a copy thereof.

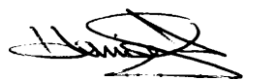
#### **4.8 Subrogation**

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

#### 4.9 Governing law and jurisdiction

This Guarantee is governed by and shall be construed in accordance with Maltese law, and any disputes which may arise out of or in connection with this Guarantee are to be settled exclusively by the Courts of Malta.

Signed for and on behalf of  
Pharmacare Premium Limited



Hani Sarraf



Amin Farah

## 26. Annex C – Restrictive Covenants

### Pharmacare Premium Limited

**C 45245**

To All Bondholders:

Reference is made to the issue of €5,000,000 5.75% unsecured bonds due 2028 (the “Bonds”) by Pharmacare Finance plc [C 86057] (the “Issuer”) pursuant to and subject to the terms and conditions contained in the admission document to be dated the 17<sup>th</sup> October 2018.

Now, therefore, by virtue of this documents, Pharmacare Premium Limited, (hereinafter “Pharmacare”) irrevocably and unconditionally undertakes to commit to the below listed restrictive covenants. For the purposes of this document, the below mentioned capitalised terms shall have the meaning defined below:

**“The Group”** refers to all companies owned directly or indirectly by Pharmacare Premium Limited, company registration number C 45245 and registered address at HHF 003, HAL FAR INDUSTRIAL ESTATE, HAL FAR, BIRZEBBUGIA BBG 3000, Malta;

**“Current Dividend”** shall mean a distribution of retained earnings to the ultimate beneficial owners of the Group by way of dividend and/or shareholders loans; which is currently negligible (€0).

**“Gearing Ratio”** shall be equal to current and non-current liabilities divided by current and non-current liabilities plus equity and reserves. For the avoidance of doubt, non-current liabilities shall only include the bond amount plus any current and non-current portion of bank loan facilities obtained by the Group;

**“Interest Cover”** shall be equal to Earnings Before Interest, Tax, Depreciation and Amortization divided by the total Finance Cost;

**“Finance Cost”** shall only relate to the bond interest and any bank interest relating to bank loans;

### Restrictive Covenants (“Covenants”)

Additional borrowings and dividends above the current dividend may be taken out if the following conditions are met at Group level:

- The resultant gearing ratio will not exceed 65%; and
- The interest cover for the current financial period, on a rolling twelve-month basis (after excluding all dividend payments) is above a factor of 2.5.

### Change in Covenants

In the eventuality that Pharmacare Premium Limited contemplates that a change in the above restrictive covenants is in the best interest of the company, it shall request Pharmacare Finance plc to call a meeting with the Bondholders, duly convened and held in terms of the below.

A meeting of Bondholders for a change in covenants shall be called by the Directors of the Issuer on behalf of Pharmacare Finance plc by giving all Bondholders listed on the register of Bondholders as at a date being not more than thirty (30) days preceding the date scheduled for the meeting, not less than fourteen (14) days’ notice in writing. The said 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 Covenants that is proposed to be voted upon at the meeting and seeking the approval of the Bondholders. Following a meeting of Bondholders held in accordance with the provisions contained hereunder, the Issuer shall, acting in

accordance with the resolution(s) taken at the meeting, communicate to the Bondholders whether the necessary consent to the proposal made by Pharmacare Premium Ltd has been granted or withheld. Subject to having obtained the necessary approval by the Bondholders in accordance with the provisions contained herein, at a meeting called for that purpose as aforesaid, any such decision shall subsequently be given effect to by Pharmacare Finance plc.

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

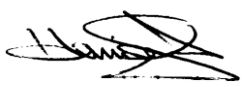
Any person who in accordance with the Memorandum and Articles of Association of Pharmacare is to chair the annual general meetings of shareholders shall also chair meetings of Bondholders.

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

The voting process shall be managed by the company secretary of Pharmacare under the supervision and scrutiny of the auditors or independent advisors appointed by Pharmacare Finance plc.

The proposal placed before a meeting of Bondholders shall only be considered approved if at least 65% 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.

Signed on behalf of Pharmacare Premium Limited this 17<sup>th</sup> October 2018:



Hani Sarraf



Amin Farah

## 27. Annex D - Specimen Application Forms

**Pharmacare Finance plc**  
**€5,000,000 5.75% Unsecured Bonds 2025-2028**

**APPLICATION FORM**

**Application No. \_\_\_\_\_**

Please read the notes overleaf before completing this Application Form. Mark 'X' if applicable. Unless otherwise indicated, each of the panels below is to be completed.

<b>APPLICANT</b>			
<input type="checkbox"/> Non-Resident	<input type="checkbox"/> Minor (under 18)	<input type="checkbox"/> Corporate	<input type="checkbox"/> CIS
TITLE (Mr/Mrs/Ms/...)		FULL NAME & SURNAME / REGISTERED NAME	
ADDRESS			
			POST CODE
MSE A/C NO. (if applicable)		I.D. CARD / PASSPORT / COMPANY REG. NO.	
E-MAIL ADDRESS		TEL NO.	MOBILE NO.
Already Registered for e-Portfolio <input type="checkbox"/>	Please register me for e-Portfolio <input type="checkbox"/>	Please do NOT register me for e-Portfolio <input type="checkbox"/>	
<b>ADDITIONAL (JOINT) APPLICANTS</b> (please use additional application form if space is not sufficient)			
TITLE (Mr/Mrs/Ms/...)		FULL NAME & SURNAME	
		I.D. CARD / PASSPORT NO.	
TITLE (Mr/Mrs/Ms/...)		FULL NAME & SURNAME	
		I.D. CARD / PASSPORT NO.	
<b>MINOR'S PARENTS/LEGAL GUARDIANS (See Note 4)</b> (to be completed ONLY if the Applicant is a minor)			
TITLE (Mr/Mrs/Ms/...)		FULL NAME & SURNAME	
		I.D. CARD / PASSPORT NO.	
TITLE (Mr/Mrs/Ms/...)		FULL NAME & SURNAME	
		I.D. CARD / PASSPORT NO.	
I/We apply to purchase and acquire the amount set out below			
AMOUNT IN FIGURES €		AMOUNT IN WORDS	
Pharmacare Finance plc €5,000,000 Unsecured 5.75% Bonds 2024-2027 at the Bond Issue Price (at par) pursuant to the Admission Document dated 17 <sup>th</sup> October 2018 (minimum €2,000 and in multiples of €100 thereafter)			
<b>RESIDENT - WITHHOLDING TAX DECLARATION</b> (to be completed ONLY if the Applicant is a Resident of Malta)			
<input type="checkbox"/> I/We elect to have Final Withholding Tax deducted from my/our interest. <input type="checkbox"/> I/We elect to receive interest GROSS (i.e. without deduction of withholding tax).			
<b>NON-RESIDENT DECLARATION FOR TAX PURPOSES</b> (to be completed ONLY if the Applicant is a Non-Resident)			
TAX COUNTRY		TOWN OF BIRTH	
T.I.N. (Tax Identification Number)		COUNTRY OF BIRTH	
PASSPORT/NATIONAL I.D. CARD NUMBER		ISSUE DATE	
<input type="checkbox"/> I/We am/are NOT Resident in Malta but I/we am/are Resident in the European Union. <input type="checkbox"/> I/We am/are NOT Resident in Malta and I/we am/are NOT Resident in the European Union.			
<b>INTEREST, REFUND AND REDEMPTION MANDATE</b> (completion of this panel is mandatory)			
BANK		IBAN	
I/We have fully understood the instructions for completing this Application Form, and am/are making this Application on the basis of the Admission Document, and subject to its Terms and Conditions (as defined therein) which have been explained to me/us, and which I/we fully accept.			
_____ Signature/s of Applicant/s (All parties are to sign in the case of a joint Application)		_____ Financial Intermediary	
		_____ Date	

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

The following notes are to be read in conjunction with the Admission Document dated 17<sup>th</sup> October 2018.

1. This Application is governed by the Terms and Conditions of Application contained in the Admission Document. Capitalised terms not defined herein shall, unless the context otherwise requires, have the same meaning ascribed to them in the Admission Document.
2. The Application Form is to be completed in **BLOCK LETTERS**.
3. Applicants are to insert full personal details in Panel B. In the case of an application by more than one person (including husband and wife) full details of all individuals – including I.D. Card Numbers – must be given in Panels B and C but the person whose name appears in Panel B shall, for all intents and purposes, be deemed to be the registered holder of the Bonds (vide note 7 below).  
Upon submission of an Application Form, Bondholders who do not have an online e-portfolio account 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 Secured 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/>. Those Bondholders who opt not to avail themselves of this facility should indicate such on the Application Form. Further detail on the e-portfolio is found on <https://eportfolio.borzamalta.com.mt/Help>.
4. Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or by the legal guardian/s and accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application Form is submitted. The relative box in Panel A must also be marked appropriately. 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.
5. Applicants who are Non-Resident in Malta for tax purposes must indicate their passport number in Panel B and complete Panel G. The relative box in Panel A must also be marked appropriately.
6. In the case of a body corporate, the name of the entity exactly as registered, and the registration number are to be inserted in Panel B. Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.
7. APPLICANTS WHO ALREADY HOLD SECURITIES ON THE MSE ARE TO INDICATE THEIR MSE ACCOUNT NUMBER IN PANEL B. APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED IN THE MSE ACCOUNT NUMBER QUOTED ON THE APPLICATION FORM. IF DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE MSE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF, A SEPARATE REQUEST BY THE APPLICANT TO CHANGE THESE DETAILS AS RECORDED AT THE MSE WILL HAVE TO BE EFFECTED.
8. The amount applied for must be in multiples of €100 subject to a minimum application of €2,000. The Applicant must ensure that the relative Application Form is accompanied by payment of the full price of the amount of Bonds applied for. Payment of the amount, must be made in Euro in cleared funds to "The Placement Agent and Manager – Pharmacare Finance plc". In the event that the cheque accompanying the Application Form is not honoured on the first presentation, the Issuer and the Registrar reserve the right to invalidate the relative Application.
9. Only Applicants who hold an 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 he/she will be obliged to declare interest so received on his/her tax return. Authorised entities applying in the name of a Prescribed Fund (having indicated their status in the appropriate box in Panel A) will have Final Withholding Tax, currently 10%, deducted from interest payments.
10. In terms of Section 19 of the Admissions Document, unless the Issuer is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of 'recipient' in terms of article 41(c) of the Income Tax Act (Cap. 123 of the Laws of Malta), Interest shall be paid to such a person net of final withholding tax (currently 15%) of the gross amount of interest, pursuant to Article 33 of the Tax Act (Cap. 123 of the Laws of Malta).
11. If any Application is not accepted, after the closure of the subscription lists or is accepted for fewer Bonds than those applied for, the monies of the balance of the amount paid but not allocated, as the case may be, will be returned by direct credit into the bank account as indicated in the application form. Interest or redemption proceeds will be credited to the account designated or as otherwise amended by the Bondholder/s during the term of the Bond.
12. European Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments requires all payers established in the EU which pay interest to an individual resident in another EU Member State, to report the interest payment to the tax authorities of the Member State in which the payer is established. If the Applicant's permanent residential address is in an EU Member State or in another country to which the said Directive applies (called a "specified territory") then the interest paid will be reported.
13. Completed Application Forms are to be delivered to the Placement Agent and Manager, Calamatta Cuschieri Investment Services Limited during normal office hours by not later than 12:00 noon on the 15<sup>th</sup> May 2017. Remittances by post are made at the risk of the Applicant and the Issuer disclaims all responsibility for any such remittances not being received by the closing date indicated above. The Issuer reserves the right to refuse any Application, which appears to be in breach of the general terms and conditions of the Admissions Document. Any applications received by the Placement Agent and Manager after 12:00 noon on the 15<sup>th</sup> May 2017 will be rejected.
14. By completing and delivering an Application Form you (as the Applicant(s)):
  - a. acknowledge that the Issuer may process the personal data that you provide in the Application Form in accordance with the Data Protection Act (Cap. 440 of the Laws of Malta);
  - b. acknowledge that the Issuer may process such personal data for all purposes necessary for and related to the Bonds applied for; and
  - c. acknowledge that 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.

The value of investments can go up or down and past performance is not necessarily indicative of future performance. The nominal value of the Bonds on offer will be repayable in full upon redemption. An investor should consult an independent financial advisor, licensed under the Investment Services Act (Cap. 370 of the Laws of Malta), for advice.

## 28. Annex E – Forecast Information of the Issuer and Guarantor

### A. SUMMARY OF SIGNIFICANT ASSUMPTIONS AND ACCOUNTING POLICIES

#### 1. Introduction

The Issuer was incorporated on the 30th April 2018 as a public limited liability company, registered in terms of the Companies Act with company registration number C 86057 and is domiciled in Malta, having its registered office at HHF 003, HAL FAR INDUSTRIAL ESTATE, HAL FAR, BIRZEBBUGIA, BBG 3000 Malta. The Issuer, was set up and established to act as a finance company. Since the Issuer was incorporated on 30th April 2018, it has no trading record of operations. Furthermore, the Issuer itself does not have any substantial assets and is essentially a special purpose vehicle set up to act as a financing company solely for the needs of the Group, and, as such, its assets are intended to consist primarily of loans issued to Group companies.

Pharmacare Premium Ltd (the “Guarantor”) was incorporated on 01 October 2008. The principal object of the Guarantor is to develop, register, manufacture and supply pharmaceutical products. It owns and operates a fully licenced state-of-the-arts facility in Hal Far specialized in the handling of highly-potent molecules, which are medicines used in cancer treatments and other niche therapeutic categories.

The forecast statement of financial position, the forecast income statement, and the forecast statement of cash flows (“the Forecasts”) of the Guarantor for the period of three years to December 2020 have been prepared to provide financial information for the purposes of inclusion in the Issuer’s Company Admission Document, dated 17<sup>th</sup> October 2018. The Forecasts as presented in Annex E of the Company Admission Document, together with the assumptions set out below, are the sole responsibility of the Directors of the Company.

The Forecasts are intended to show a possible outcome based on assumptions relating to anticipated future events which the Directors expect to take place, and on actions the Directors expect to take. Events and circumstances frequently do not occur as expected, and therefore, actual results may differ materially from those included in the forecast and projected financial information. Attention is drawn in particular, to the risk factors set out in the Admission Document, which describe the primary risks associated with the business to which the Forecasts relate.

The Forecasts are not intended to and do not provide all the information and disclosures necessary to give a true and fair view of the financial results, financial position, and cash flows of the Group, in accordance with International Financial Reporting Standards as adopted by the EU, however the Directors have exercised due care and diligence in adopting the assumptions set out below.

The Forecasts were formally approved on 26<sup>th</sup> September 2018 by the Directors, and the stated assumptions reflect the judgements made by the Directors at that date. The assumptions that the Directors believe are significant to the prospective financial information are described in Section 3 below.

#### 2. Significant accounting policies

The significant accounting policies of the Company are envisaged to be similar to the significant accounting policies applied by the Group in the preparation of the audited financial statements of the Group for the financial year ended 31 December 2018. Where applicable, in so far as they relate to recognition and measurement criteria, these have been applied in the preparation of the forecast financial information.

#### 3. Basis of preparation and principal assumptions

##### Income Statement

- Revenue for each product/business segment is projected as follows:

##### Contract Testing

- Contract testing to peak in FY20 and FY21 before being phased out by FY24 for more efficient use of capacity. Contract testing is projected as follows:

€'000	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28
Total Contract Testing	509	567	693	693	602	315	-	-	-	-	-

### Contract Manufacturing

- Contract Manufacturing will peak in FY22 and FY23 and will then start to decrease, as production capacity will be assigned to internally developed products. This is projected as follows:

€'000	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28
Total Contract Manufacturing	2,065	2,695	3,078	4,107	4,679	4,718	3,577	2,659	2,158	1,782	1,500

### Supply of own products

- Supply of own products refers to off-patent products supplied to worldwide customers. These are projected as follows:

€'000	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28
Total Supply of own products	1,642	4,253	5,295	5,591	5,741	5,622	5,537	5,411	5,105	4,659	4,257

### Tinibs

- 'Tinib' refers to the licensing and development of generic products . These are projected as follows:

€'000	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28
Total Tinibs	300	750	5,700	14,225	16,650	19,600	21,900	23,308	22,262	21,939	19,894

- Direct expenses consist of direct production wages, business development and other direct expenses. These are projected as follows:

€'000	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28
Direct Expenses	(1,095)	(1,347)	(1,768)	(1,965)	(2,071)	(2,134)	(2,139)	(2,153)	(2,172)	(2,191)	(2,217)

- Administrative expenses mainly consist of wages, premises expenses, heat, Light and power, maintenance expenses, professional fees and other expenses. These are projected as follows:

€'000	#	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28
Administrative Expenses		(1,583)	(1,695)	(1,872)	(1,984)	(2,100)	(2,216)	(2,324)	(2,433)	(2,532)	(2,635)	(2,740)

- Depreciation – A depreciation rate of 5% per annum is deemed appropriate to write-off the cost of the company's fixed assets and their expected useful lives.
- Bond Interest expense projected at 6.85% based on the agreement signed with Pharmacare Premium dated 24<sup>th</sup> September 2018.

### Balance Sheet

- Trade receivables are projected based on 60 days
- Inventory is projected at €835k in FY18, €1,355k in FY19 and €2.6m from FY20 - FY28
- Other receivables projected at €143k per annum throughout the bond issue term.
- Share capital is projected at €14.5m throughout the bond issue term.
- Share premium is projected at €6.9m throughout the bond issue term.
- Revaluation reserves projected at €8.5m throughout the bond issue term.
- Trade payables projected on a monthly basis using previous month's payable balance, plus purchases of materials, less amounts paid to the suppliers during the month
- Lease obligations projected at €1.3m throughout the bond issue term.
- Defer tax projected at €731k throughout the bond issue term.

## 4. Conclusion

The Directors believe that the assumptions on which the projections are based are reasonable. The Directors further believe that, in the absence of unforeseen circumstances outside their control, the working capital available to the Group will be sufficient for the carrying on of its business.

Unaudited Consolidated Forecast Financial Information of the Guarantor for the Financial Years Ending 2018, 2019 and 2020.

<b>Income Statement</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
<b>Revenue</b>			
<b>Total Contract Manufacturing</b>	2,065	2,695	3,078
<b>Total Contract Testing</b>	509	567	693
<b>Total Supply of own products</b>	1,642	4,253	5,295
<b>Total Tinibs</b>	300	750	5,700
<b>Total Revenue</b>	<b>4,516</b>	<b>8,265</b>	<b>14,766</b>
<b>Cost of Goods Sold</b>	(2,599)	(3,983)	(7,854)
<b>Direct Expenses</b>	(1,095)	(1,347)	(1,768)
<b>Gross Profit/(Loss)</b>	<b>821</b>	<b>2,935</b>	<b>5,143</b>
<b>Administrative Expenses</b>	(1,583)	(1,695)	(1,872)
<b>EBITDA</b>	<b>(762)</b>	<b>1,240</b>	<b>3,272</b>
<b>Bond interest &amp; Finance Charges</b>	(272)	(451)	(446)
<b>Depreciation</b>	(1,082)	(1,425)	(1,575)
<b>Profit/ (Loss) before tax</b>	<b>(2,116)</b>	<b>(636)</b>	<b>1,251</b>
<b>Taxation</b>	-	-	-
<b>Profit/ (Loss) after tax</b>	<b>(2,116)</b>	<b>(636)</b>	<b>1,251</b>
<i>Source: Management Information</i>			
<b>Gross Margin</b>	<b>18.2%</b>	<b>35.5%</b>	<b>34.8%</b>
<b>EBITDA Margin</b>	<b>(16.9%)</b>	<b>15.0%</b>	<b>22.2%</b>
<b>Revenue Growth YoY%</b>	<b>113.3%</b>	<b>83.0%</b>	<b>78.6%</b>
<b>Interest Coverage</b>	<b>-2.8x</b>	<b>2.7x</b>	<b>7.3x</b>

<b>Balance Sheet</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
<b>Assets</b>			
<b>Non-Current Assets</b>			
<b>Property, plant and equipment</b>	19,998	22,210	21,738
<b>Intangible assets</b>	2,592	3,236	4,073
	<b>22,590</b>	<b>25,445</b>	<b>25,811</b>
<b>Current Assets</b>			
<b>Trade receivables</b>	1,594	1,555	2,318
<b>Inventory</b>	835	1,355	2,555
<b>Other receivables</b>	143	143	143
<b>Cash and Cash Equivalents</b>	3,259	954	866
	<b>5,831</b>	<b>4,007</b>	<b>5,883</b>
<b>Total Assets</b>	<b>28,421</b>	<b>29,452</b>	<b>31,693</b>
<b>Capital &amp; Reserves</b>			
<b>Share Capital</b>	14,538	14,538	14,538
<b>Share Premium</b>	6,855	6,855	6,855
<b>Revaluation Reserve</b>	8,499	8,499	8,499
<b>Retained earnings</b>	(14,806)	(15,442)	(14,191)
	<b>15,086</b>	<b>14,450</b>	<b>15,701</b>
<b>Current Liabilities</b>			
<b>Trade Payables</b>	1,270	2,794	4,297
<b>Other Payables</b>	431	431	431
<b>Other financial liabilities</b>	80	80	515
<b>Lease Obligations</b>	89	89	89

<b>Taxation</b>	883	883	883
	<b>2,753</b>	<b>4,277</b>	<b>6,215</b>
<b>Non-Current Liabilities</b>			
<b>Other financial liabilities</b>	8,602	8,746	7,797
<b>Deferred Tax</b>	731	731	731
<b>Lease Obligations</b>	1,249	1,249	1,249
	<b>10,583</b>	<b>10,726</b>	<b>9,778</b>
<b>Total Equity and Liabilities</b>	<b>28,421</b>	<b>29,452</b>	<b>31,693</b>
<i>Source: Management Information</i>			
<b>Gearing Ratio 1 (Net Debt / Equity)</b>	<b>57.6%</b>	<b>61.1%</b>	<b>52.9%</b>
<b>Gearing Ratio 2 (Total Liabilities / Total Assets)</b>	<b>46.9%</b>	<b>50.9%</b>	<b>50.5%</b>

<b>Cashflow Statement</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
<b>Cash from operating activities:</b>			
<b>Profit/(Loss) from operations</b>	<b>(2,116)</b>	<b>(636)</b>	<b>1,274</b>
<b>Interest expense to reconcile to profit/(loss) from operations</b>	373	530	504
<b>Depreciation</b>	1,082	1,425	1,575
<b>Profit/(Loss) from operations</b>	<b>(661)</b>	<b>1,319</b>	<b>3,353</b>
<b>(Increase)/Decrease in inventories</b>	(309)	(520)	(1,200)
<b>(Increase)/Decrease in trade and other receivables</b>	(471)	39	(764)
<b>Increase/(Decrease) in trade and other payables</b>	492	1,524	1,502
<b>Payments of interest classified as operating</b>	(75)	(108)	(102)
<b>Net cash flows from (used in) operating activities</b>	<b>(1,024)</b>	<b>2,254</b>	<b>2,789</b>
<b>Cash flows from investing activities:</b>			
<b>Payments to acquire property, plant and equipment</b>	(1,913)	(3,480)	(900)
<b>Payments to acquire intangible assets</b>	(1,180)	(800)	(1,040)
<b>Net cash flows from (used in) investing activities</b>	<b>(3,093)</b>	<b>(4,280)</b>	<b>(1,940)</b>
<b>Cash flows from financing activities:</b>			
<b>Proceeds from issuance of other financial liabilities</b>	7,764	400	-
<b>Payment of finance lease liabilities</b>	(100)	(101)	(103)
<b>Repayment of bank loan</b>	(432)	(578)	(834)
<b>Net cash flows from (used in) financing activities</b>	<b>7,232</b>	<b>(279)</b>	<b>(937)</b>
<b>Net cash increase/(decrease) in cash and cash equivalents</b>	<b>3,115</b>	<b>(2,305)</b>	<b>(88)</b>
<b>Cash and cash equivalents at beginning of year</b>	144	3,259	954
<b>Cash and cash equivalents at end of year</b>	<b>3,259</b>	<b>954</b>	<b>866</b>
<i>Source: Management Information</i>			

## 5. Introduction

Pharmacare Finance plc (the “Issuer”) was incorporated on 30 April 2018 and has no trading record of operations. The principal object of the Issuer, which was set up and established to act as a finance company, is to lend and advance money, give credit, grant or provide guarantees, hypothecs, privileges, charges, security interests or other security, exclusively to, or in favour of companies or partnerships which form part of the same group of companies. The issue of bonds falls within the objects of the Issuer. The Issuer is not intended to undertake any trading activities itself apart from the raising of capital and the advancing thereof to members of the Group

The forecast statement of financial position, the forecast income statement, and the forecast statement of cash flows (“the Forecasts”) of the Issuer for the period of three years to December 2020 have been prepared to provide financial information for the purposes of inclusion in the Issuer’s Company Admission Document, dated 17<sup>th</sup> October 2018. The Forecasts as presented in Annex E of the Company Admission Document, together with the assumptions set out below, are the sole responsibility of the Directors of the Company.

The Forecasts are intended to show a possible outcome based on assumptions relating to anticipated future events which the Directors expect to take place, and on actions the Directors expect to take. Events and circumstances frequently do not occur as expected, and therefore, actual results may differ materially from those included in the forecast and projected financial information. Attention is drawn in particular, to the risk factors set out in the Admission Document, which describe the primary risks associated with the business to which the Forecasts relate.

The Forecasts are not intended to and do not provide all the information and disclosures necessary to give a true and fair view of the financial results, financial position, and cash flows of the Group, in accordance with International Financial Reporting Standards as adopted by the EU, however the Directors have exercised due care and diligence in adopting the assumptions set out below.

The Forecasts were formally approved on 26<sup>th</sup> September 2018 by the Directors, and the stated assumptions reflect the judgements made by the Directors at that date. The assumptions that the Directors believe are significant to the prospective financial information are described in Section 3 below.

## **6. Significant accounting policies**

The significant accounting policies of the Company are envisaged to be similar to the significant accounting policies applied by the Group in the preparation of the audited financial statements of the Group for the financial year ended 31 December 2018. Where applicable, in so far as they relate to recognition and measurement criteria, these have been applied in the preparation of the forecast financial information.

## **7. Basis of preparation and principal assumptions**

Since FY18 will be the first year of operations for the Issuer, the projections have been prepared solely on managements assumptions as summarised below:

- For FY18 and FY28, revenue and costs have been incorporated in management’s projections on a seven and 5-month basis respectively.

### **Income Statement**

- Projected interested income is based on the interest received of 6.85% per annum as per the intercompany loan of €4.86m agreement dated 24<sup>th</sup> September 2018 with Pharmacare Premium Limited for the proceeds of the bond issue
- Projected director fees are based on the services to be provided by the 6 directors for an aggregate of €19k per annum.
- Audit Fees are projected at €3k per annum subject to an annual increase of 5% from FY19 to FY21 and 4% annual increase from FY22 to FY28.
- Accountancy costs of €2.4k per annum refers to fees in relation to bookkeeping, payroll, tax and other ad hoc accounting services provided by the Guarantor
- Advisory fees for on-going compliance costs for bond projected at €5k per annum
- Bond interest expense projected at 5.75% on bond issue of €5m
- Estimated bond issue expenses of €140k to be amortized over the term of the bond
- Corporate tax projected at 35%

### **Balance Sheet**

- Amounts due from related party is based on the intercompany loan agreement of €4.86m agreement dated 24<sup>th</sup> September 2018 with Pharmacare Premium Limited
- Share capital is projected at €46k throughout the bond issue term.



## 8. Conclusion

The Directors believe that the assumptions on which the projections are based are reasonable. The Directors further believe that, in the absence of unforeseen circumstances outside their control, the working capital available to the Group will be sufficient for the carrying on of its business.

### Unaudited Forecast Financial Information of Pharmacare Finance plc for the Financial Years Ending 2018, 2019 and 2020.

<b>Income Statement</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
<b>Revenue</b>			
<b>Interest Income</b>	194.2	332.9	332.9
<b>Total Revenue</b>	<b>194.2</b>	<b>332.9</b>	<b>332.9</b>
<b>Direct Expenses</b>			
<b>Director fees</b>	(11.1)	(19.0)	(19.0)
<b>Audit Fees</b>	(1.8)	(3.2)	(3.3)
<b>Accountancy costs</b>	(1.4)	(2.4)	(2.4)
<b>Advisory Fees</b>	(2.5)	(5.0)	(5.0)
<b>Total Expenses</b>	<b>(16.7)</b>	<b>(29.6)</b>	<b>(29.7)</b>
<b>Gross Profit / EBITDA</b>	<b>177.5</b>	<b>303.4</b>	<b>303.2</b>
<b>Bond Interest</b>	(167.7)	(287.5)	(287.5)
<b>Amortisation of bond issue expenses</b>	(8.2)	(14.0)	(14.0)
	<b>(175.9)</b>	<b>(301.5)</b>	<b>(301.5)</b>
<b>Profit before tax</b>	<b>1.6</b>	<b>1.9</b>	<b>1.7</b>
<b>Tax</b>	(0.6)	(0.7)	(0.6)
<b>Profit after tax</b>	<b>1.0</b>	<b>1.2</b>	<b>1.1</b>
<i>Source: Management Information</i>			
<b>Interest Coverage</b>	1.1x	1.1x	1.1x

<b>Balance Sheet</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
<b>Assets</b>			
<b>Amounts due from related party - Principal</b>	4,860.0	4,860.0	4,860.0
<b>Cash &amp; cash equivalents</b>	55.8	71.0	86.1
<b>Total Assets</b>	<b>4,915.8</b>	<b>4,931.0</b>	<b>4,946.1</b>
<b>Liabilities</b>			
<b>Bond - Net</b>	<b>4,868.2</b>	<b>4,882.2</b>	<b>4,896.2</b>
<b>Equity</b>			
<b>Share capital</b>	46.6	46.6	46.6
<b>Retained Earnings</b>	1.0	2.2	3.4
<b>Shareholders' equity</b>	<b>47.6</b>	<b>48.8</b>	<b>49.9</b>
<i>Source: Management Information</i>			

<b>Cashflow Statement</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
<b>Cash from operating activities:</b>			
<b>EBITDA</b>	177.5	303.4	303.2
<b>Bond Interest paid</b>	(167.7)	(287.5)	(287.5)
<b>Taxation</b>	(0.6)	(0.7)	(0.6)
<b>Net Cash from operating activities</b>	<b>9.2</b>	<b>15.2</b>	<b>15.1</b>
<b>Cash from investing activities:</b>			
<b>Loan of bond proceeds to Parent</b>	(4,860.0)	-	-
<b>Net Cash from Investing activities</b>	<b>(4,860.0)</b>	<b>-</b>	<b>-</b>
<b>Cash from financing activities:</b>			
<b>Bond proceeds</b>	5,000.0	-	-
<b>Bond issue expenses</b>	(140.0)	-	-
<b>Share capital injection</b>	46.6	-	-
<b>Net Cash from Financing activities</b>	<b>4,906.6</b>	<b>-</b>	<b>-</b>
<b>Net cash movement</b>	<b>55.8</b>	<b>15.2</b>	<b>15.1</b>
<b>Cash b/f</b>	-	55.8	71.0
<b>Cash c/f</b>	<b>55.8</b>	<b>71.0</b>	<b>86.1</b>
<i>Source: Management Information</i>			

## 29. Annex F – Accountants Report

**Deloitte.**

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Company Reg No: C51320  
VAT Reg No: MT2013 6212  
Exemption number: EX02156

The Directors  
Calamatta Cuschieri Investment Services  
Limited  
Ewropa Business Center  
Triq Dun Karm  
B'kara, BKR9034

27 September 2018

Dear Sirs,

### **Independent Accountants' Report on the Forecast Financial Information of Pharmacare Finance plc**

We report on the forecast statements of financial position, income and cash flow ("the Forecast Financial Information") of Pharmacare Finance plc (the "Issuer") for the financial years ending 31 December 2018, 31 December 2019 and 31 December 2020. The Forecast Financial Information, the basis of preparation and the material assumptions upon which the forecasts are based, are set out in Annex E "Summary of significant assumptions and accounting policies" of the Company Admission Document issued by Pharmacare Finance plc to be dated 27 September 2018.

This report is required in terms of Appendix 4.7 (4) in the Prospects MTF Rules issued by the Malta Stock Exchange dated September 2017 and is given for the purpose of complying with that regulation and for no other purpose.

### **Directors' responsibilities for the Forecast Financial Information**

It is the responsibility of the Directors of the Issuer to prepare the Forecast Financial Information and the assumptions upon which it is based, as set out in Annex E "Summary of significant assumptions and accounting policies" of the Company Admission Document, in accordance with the requirements of the Prospects MTF Rules issued by the Issuer by the Malta Stock Exchange.

### **Accountants' responsibility**

It is our responsibility to form an opinion as required by Appendix 4.7 (4) in the Prospects MTF Rules as issued by the Malta Stock Exchange as to the proper compilation of the Forecast Financial Information, in so far as the application of the underlying assumptions and accounting policies and accuracy of calculations are concerned, and to report that opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed, to the fullest extent permitted by law, we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such person as a result of, arising out of, or in connection with report or our statement, required by and given solely for the purposes of complying with the Prospects MTF Rules.

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Cassio Tomagiani & Associates is a firm of advocates warranted to practise law in Malta and is exclusively authorised to provide legal services, in Malta, under the Deloitte brand.

**Basis of preparation of the Forecast Financial Information**

The financial information has been prepared on the basis stated in Annex E2 "Summary of significant assumptions and accounting policies" of the Company Admission Document and is based on the forecasts for the years ending 31 December 2018, 31 December 2019 and 31 December 2020. The Forecast Financial Information is required to be presented on a basis consistent with the accounting policies of the Group.

**Basis of opinion**

We have examined the basis of compilation and material assumptions of the accompanying Forecast Financial Information of the Issuer for the years ending 31 December 2018, 31 December 2019 and 31 December 2020 in accordance with ISAE 3000 "Assurance Engagements Other than Audits and Reviews of Historical Financial Information". Our work included evaluating the basis on which the financial information included in the forecast has been prepared and considering whether the Forecast Financial Information has been accurately computed based upon the disclosed assumptions and the accounting policies of the Group.

The assumptions upon which the Forecast Financial Information is based are solely the responsibility of the Directors of Pharmacare Finance plc and accordingly we express no opinion on the validity of the assumptions. However, we considered whether anything came to our attention to indicate that any of the assumptions adopted by the Directors which, in our opinion, are necessary for a proper understanding of the Forecast Financial Information have not been disclosed and whether any material assumption made by the Directors appears to us to be unrealistic.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Forecast Financial Information has been properly compiled on the basis stated, in so far as the application of the underlying accounting policies and accuracy of calculations are concerned.

The Forecast Financial Information is not intended to, and does not provide all the information and disclosures necessary to give a true and fair view of the results of the operations and the financial position of the Issuer in accordance with International Financial Reporting Standards as adopted by the EU (IFRSs).

Since the Forecast Financial Information and the assumptions on which it is based relate to the future and may therefore be affected by unforeseen events, we can express no opinion as to whether the actual results reported will correspond to those shown in the Forecast Financial Information and differences may be material.

**Opinion**

In our opinion, the Forecast Financial Information has been properly compiled on the basis stated and the basis of accounting used is consistent with the accounting policies of the Group.

Yours sincerely,



**Raphael Aloisio**  
Director  
Deloitte Services Limited

**Deloitte.**

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Company Reg No: C51320  
VAT Reg No: MT2013 6212  
Exemption number: EX02156

The Directors  
Calamatta Cuschieri Investment Services  
Limited  
Ewropa Business Center  
Triq Dun Karm  
B'kara, BKR9034

27 September 2018

Dear Sirs,

**Independent Accountants' Report on the Forecast Financial Information of Pharmacare Premium Ltd**

We report on the forecast statements of financial position, income and cash flow ("the Forecast Financial Information") of Pharmacare Premium Ltd (the "Guarantor") for the financial years ending 31 December 2018, 31 December 2019 and 31 December 2020. The Forecast Financial Information, the basis of preparation and the material assumptions upon which the forecasts are based, are set out in Annex E "Summary of significant assumptions and accounting policies" of the Company Admission Document issued by Pharmacare Finance plc (the "Issuer") to be dated 27 September 2018.

This report is required in terms of Appendix 4.7 (4) in the Prospects MTF Rules issued by the Malta Stock Exchange dated September 2017 and is given for the purpose of complying with that regulation and for no other purpose.

**Directors' responsibilities for the Forecast Financial Information**

It is the responsibility of the Directors of the Issuer to prepare the Forecast Financial Information and the assumptions upon which it is based, as set out in Annex E "Summary of significant assumptions and accounting policies" of the Company Admission Document, in accordance with the requirements of the Prospects MTF Rules issued by the Malta Stock Exchange.

**Accountants' responsibility**

It is our responsibility to form an opinion as required by Appendix 4.7 (4) in the Prospects MTF Rules as issued by the Malta Stock Exchange as to the proper compilation of the Forecast Financial Information, in so far as the application of the underlying assumptions and accounting policies and accuracy of calculations are concerned, and to report that opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed, to the fullest extent permitted by law, we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such person as a result of, arising out of, or in connection with report or our statement, required by and given solely for the purposes of complying with the Prospects MTF Rules.

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Cassia Torregiani & Associates is a firm of advocates warranted to practise law in Malta and is exclusively authorised to provide legal services, in Malta, under the Deloitte brand.





#### **Basis of preparation of the Forecast Financial Information**

The financial information has been prepared on the basis stated in Annex E "Summary of significant assumptions and accounting policies" of the Company Admission Document and is based on the forecasts for the years ending 31 December 2018, 31 December 2019 and 31 December 2020. The Forecast Financial Information is required to be presented on a basis consistent with the accounting policies of the Group.

#### **Basis of opinion**

We have examined the basis of compilation and material assumptions of the accompanying Forecast Financial Information of the Issuer for the years ending 31 December 2018, 31 December 2019 and 31 December 2020 in accordance with ISAE 3000 "Assurance Engagements Other than Audits and Reviews of Historical Financial Information". Our work included evaluating the basis on which the financial information included in the forecast has been prepared and considering whether the Forecast Financial Information has been accurately computed based upon the disclosed assumptions and the accounting policies of the Group.

The assumptions upon which the Forecast Financial Information is based are solely the responsibility of the Directors of Pharmacare Premium Ltd and accordingly we express no opinion on the validity of the assumptions. However, we considered whether anything came to our attention to indicate that any of the assumptions adopted by the Directors which, in our opinion, are necessary for a proper understanding of the Forecast Financial Information have not been disclosed and whether any material assumption made by the Directors appears to us to be unrealistic.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Forecast Financial Information has been properly compiled on the basis stated, in so far as the application of the underlying accounting policies and accuracy of calculations are concerned.

The Forecast Financial Information is not intended to, and does not provide all the information and disclosures necessary to give a true and fair view of the results of the operations and the financial position of the Issuer in accordance with International Financial Reporting Standards as adopted by the EU (IFRSs).

Since the Forecast Financial Information and the assumptions on which it is based relate to the future and may therefore be affected by unforeseen events, we can express no opinion as to whether the actual results reported will correspond to those shown in the Forecast Financial Information and differences may be material.

#### **Opinion**

In our opinion, the Forecast Financial Information has been properly compiled on the basis stated and the basis of accounting used is consistent with the accounting policies of the Group.

Yours sincerely,

**Raphael Aloisio**  
Director  
Deloitte Services Limited



### 30. Annex G – List of Directorships

Name and Surname	Current Directorships	Directorships held in the past 5 years
<b>Mr Bassim Khoury Nasr</b>	PHARMACARE FINANCE PLC - C 86057 Pharmacare Premium Limited - C 45245 Dar Al-Shifa PLC (Palestine)	None
<b>Mr Amin Farah</b>	PHARMACARE FINANCE PLC - C 86057 Pharmacare Premium Limited - C 45245 UNITED GENERICS LIMITED - C 85550	Evolve Resources Ltd – UK 4148987 Evolve Healthcare Partners Ltd – UK 5664011 Exelcis Ltd – UK 5823067 RI Pharma Ltd – UK 6678405 Industry Online Ltd – UK 7135218
<b>Mr Hani Sarraf</b>	PHARMACARE FINANCE PLC - C 86057 Pharmacare Premium Limited - C 45245	None
<b>Mr Louis Borg Manché</b>	PHARMACARE FINANCE PLC - C 86057 Perfecta Advertising Ltd - C 173	None
<b>Ms Marisa Tanti</b>	PHARMACARE FINANCE PLC - C 86057	None
<b>Mr Mark Vassallo</b>	PHARMACARE FINANCE PLC - C 86057 MYT LIMITED - C 87461 SR YACHTS LIMITED - C 87924 YACHT MT LIMITED - C 81538	None

## Issuer



Pharmacare Finance plc

HHF 003, HAL FAR INDUSTRIAL ESTATE, HAL FAR, Malta

## Guarantor



Pharmacare Premium Limited

HHF 003, HAL FAR INDUSTRIAL ESTATE, HAL FAR, Malta

## Corporate Advisor, Placement Agent and Manager



Calamatta Cuschieri Investment Services Ltd.

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## Reporting Accountant



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