

SUMMARY

Dated 20 July 2023

This Summary is issued in accordance with the provisions of Chapter 4 of the Capital Markets Rules issued by the Malta Financial Services Authority and in accordance with the Prospectus Regulation.

In respect of an issue of up to
€25,000,000 4.25% unsecured Bonds 2033
of a nominal value of €100 per Bond issued at par
and redeemable at the Redemption Value
ISIN: MT0002751205 by:



CLEARFLOWPLUS P.L.C.

with the joint and several Guarantee of Water Services Corporation

Sponsor, Manager & Registrar



Accredited External
Reviewer



Legal Counsel



THIS SUMMARY HAS BEEN APPROVED BY THE MALTA FINANCIAL SERVICES AUTHORITY, AS COMPETENT AUTHORITY UNDER THE PROSPECTUS REGULATION. THE MALTA FINANCIAL SERVICES AUTHORITY ONLY APPROVED THIS SUMMARY AS MEETING THE STANDARDS OF COMPLETENESS, COMPREHENSIBILITY AND CONSISTENCY IMPOSED BY THE PROSPECTUS REGULATION. SUCH APPROVAL SHOULD NOT BE CONSIDERED AS AN ENDORSEMENT OF THE ISSUER AND THE SECURITIES THAT ARE THE SUBJECT OF THIS SUMMARY.

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

APPROVED BY THE DIRECTORS

A blue ink signature of Karl Cilia, written in a cursive style.

Karl Cilia

A blue ink signature of Matthew Costa, written in a cursive style.

Matthew Costa

in their capacity as Directors, and on behalf of Vince Micallef, David Sacco, Angela Azzopardi, Luke Cann, Abigail Cutajar and Katrina Cuschieri.

This Summary is prepared in accordance with the requirements of the Prospectus Regulation and the delegated acts issued thereunder. This Summary contains key information which investors require in order to understand the nature and the risks of the Issuer and the Bonds. Except where the context otherwise requires, the capitalised words and expressions used in this Summary shall bear the meanings assigned to them in the Registration Document and the Securities Note, as the case may be.

01 INTRODUCTION AND WARNINGS

This Summary contains key information on the Issuer, the Guarantor and the Bonds, summarised details of which are set out below.

Issuer	ClearFlowPlus p.l.c., a public limited liability company registered in Malta, with company registration number C 38895 and legal entity identifier (LEI) number 9845001FE9M574159235.
Address	Water Services Corporation, Triq Hal Qormi, Luqa LQA 9043, Malta
Telephone number	+356 80076400
Issuer Website	www.clearflowplus.com
Competent authority approving the Prospectus	The MFSA, established in terms of the Financial Markets Act (Cap. 345 of the laws of Malta)
Address	Malta Financial Services Authority, Triq I-Imdina, Zone 1, Central Business District, Birkirkara, Malta, CBD 1010.
Telephone number	+ 356 2144 1155
MFSA Website	https://www.mfsa.mt/
Name of the securities	4.25% Unsecured Bonds due 2033
ISIN of Bonds	MT0002751205
Prospectus approval date	20 July 2023

Prospective investors are hereby warned that:

- (i) this Summary should be read as an introduction to the Prospectus. It is being provided to convey the key characteristics and risks associated with the Issuer and the Bonds being offered pursuant to the Prospectus. 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;
- (ii) any decision of the investor to invest in the Bonds should be based on a consideration of the Prospectus as a whole by the investor;
- (iii) an investor may lose all or part of the capital invested in subscribing for Bonds;
- (iv) where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of Malta, have to bear the costs of translating the Prospectus before the legal proceedings are initiated; and
- (v) civil liability attaches only to those persons who have tabled the Summary, including any translation thereof, but only if the Summary, when read together with the other parts of the Prospectus, is misleading, inaccurate, or inconsistent or does not provide key information in order to aid investors when considering whether to invest in the Bonds.

02 KEY INFORMATION ON THE ISSUER

2.1 Who is the Issuer of the Bonds?

Domicile and legal form, its LEI and country of incorporation

The Issuer is ClearFlowPlus p.l.c., a public limited liability company registered in Malta in terms of the Companies Act (Cap. 386 of the laws of Malta). The Issuer was incorporated and is domiciled in Malta and with legal entity identifier (LEI) number 9845001FE9M574159235.

Principal activities of the Issuer

Apart from acting as issuer of the Bonds with a view to finance certain operations of the Group and mainly those of the Guarantor, the Issuer is also currently involved in the principal activities of consultancy services and supplies in connection with reverse osmosis plants, related after sales services, desalination, sewage treatment facilities, laboratory analysis, information technology services and sale of parts.

Organisational structure of the Group

The Issuer is fully owned by Water Services Corporation, which is the Guarantor of the Bond Issue, except for one (1) share which is held by Malta Government Investments Limited (C 10175). Apart from the Issuer, the Guarantor has other subsidiaries, each of which is involved in one or more business sectors of the Group. Such subsidiaries include MaltaEnergy Limited (C 79698), which is 51% owned by the Guarantor, Malta Developers Green Energy Ltd. (C 83927), which is 51% owned by the Guarantor, and WSC International Limited (C 78356), which is fully owned by the Guarantor except for one (1) share which is owned by the Issuer, and which company is currently in dissolution.

Major shareholders of the Issuer

The Issuer's majority shareholder is the Guarantor which holds all of the issued shares except for one (1) share (namely 107,325 ordinary shares of a nominal value of €2.329373 each), whereas the 1 remaining share (namely 1 ordinary share of €2.329373) is held by Malta Government Investments Limited. The Guarantor is not a company but is instead a corporation constituted by law, and has no share capital. In terms of the said Act The Guarantor is controlled through the appointment of its directors by the Government of Malta.

Key managing directors

The board of directors of the Issuer is composed of the following persons: Dr. Vince Micallef (Chairman and non-executive Director), Mr. Karl Cilia (Vice-Chairman and executive Director), Mr. Matthew Costa (executive Director), Ing. David Sacco (executive Director), Ms. Angela Azzopardi (independent non-executive Director), Mr. Luke Cann (independent non-executive Director), Ing. Abigail Cutajar (independent non-executive Director) and Ms. Katrina Cuschieri (independent non-executive Director).

Statutory Auditors

The auditors of the Issuer as of the date of this Summary are GCS Assurance Malta Limited of 115A, Floor 4, Msida Valley Road, Birkirkara BKR 9024, Malta. The Accountancy Board registration number of GCS Assurance Malta Limited is AB/2/17/14.

2.2 What is the key financial information regarding the Issuer?

The key financial information regarding the Issuer is set out below (presented in thousands):

ClearFlowPlus p.l.c.**Statement of profit or loss for the year ending 31 December**

	FY2022A	FY2021A	FY2020A
Revenue	2,299	1,313	1,000
Profit for the year	718	278	294

ClearFlowPlus p.l.c.**Statement of financial position as at 31 December**

	FY2022A	FY2021A	FY2020A
Total assets	3,802	4,801	2,928

ClearFlowPlus p.l.c.**Statement of cash flows for the period ending 31 December**

	FY2022A	FY2021A	FY2020A
Net cash generated from / (used in) operating activities	(1,277)	752	560
Net cash generated from / (used in) investing activities	(161)	(366)	-
Net cash generated from / (used in) financing activities	12	1	-

2.3 What are the key risks that are specific to the Issuer?

The most material risk factor specific to the Issuer is the following:

Risks relating to the Issuer's business and its reliance on the Guarantor

With respect to the sourcing of engagements for, and the actual performance of, a material part of its services, the Issuer is dependent on the Guarantor, its business contacts and operations, as well as on the know-how and expertise developed by the Guarantor, and also on the human resources of the Guarantor. A negative impact on these resources of the Guarantor through the materialization of reputation or competition risks, risks of outdated through technological and operational advancements or other operational, market or financial risks, may therefore negatively affect the service engagements and business of the Issuer and its financial condition. Furthermore, after the issue of the Bonds, the main asset of the Issuer will become the proposed Issuer-Guarantor Loan to be provided by the Issuer to the Guarantor out of the proceeds of the Bond Issue. The Issuer's profits generated from its business operations will not be sufficient to finance payments due by the Issuer to Bondholders. In this respect the Issuer is principally dependent on the receipt of interest payments and loan repayment from the Guarantor under the Issuer-Guarantor Loan. In this respect, therefore, the Issuer is dependent on the business prospects and operating results of the Guarantor, and the risks intrinsic in the business and operations of the Guarantor may have an adverse effect on the ability of the Issuer to meet its obligations under the Bonds.

03 KEY INFORMATION ON THE SECURITIES**3.1 What are the main features of the securities?**

The Bonds are being issued in an aggregate amount of up to €25,000,000 with a nominal value of €100 per Bond issued at par and redeemable at the Redemption Value, namely at par, on the Redemption Date, namely 25 August 2033. The Bonds bear interest at the rate of 4.25% per annum on the nominal value of the Bonds, payable on 25 August of each year, with the first interest payment being due on 25 August 2024 and the last interest payment being due on Redemption Date.

The Bonds shall 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 the Bonds shall have the following ISIN: MT0002751205. The Bonds shall be freely transferable.

The Bonds constitute the general, direct, unsecured and unconditional obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves and, save for such exceptions as may be provided by applicable law, shall rank *pari passu* with all other unsecured and unsubordinated obligations of the Issuer. The Bonds shall be jointly and

severally guaranteed in respect of both the interest and the Redemption Value due under said Bonds by the Guarantor in terms of the Guarantee.

There are no special rights attached to the Bonds other than the right of the Bondholders to (i) repayment of capital and payment of interest on the due dates; (ii) the benefit of the Collateral (namely the Guarantee); (iii) attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bond Issue; and (iv) such other rights attached to the Bonds emanating from the Prospectus.

3.2 Where will the securities be traded?

Application has been made to the Malta Stock Exchange for the Bonds to be listed and traded on its Green Bond List.

3.3 Is there a guarantee attached to the securities?

The Guarantee

The Bonds will be secured through the joint and several guarantee of the Guarantor in terms of the Guarantee dated 20 July 2023. Accordingly, the Bondholders shall be entitled to request the Guarantor to pay both the interest due and the principal amount under said Bonds if the Issuer fails to meet any amount, when due. The Guarantee also entitles the Bondholders to take action against the Guarantor without having to first take action against the Issuer. The Guarantee constitutes a direct and unconditional obligation of the Guarantor and, save for such exceptions as may be provided by applicable law, the Guarantor's obligations under the Guarantee shall rank *pari passu* with all its other unsecured and unsubordinated obligations.

The Guarantor

The Guarantor is Water Services Corporation, a corporation established in Malta by statute and namely by virtue of the Water Services Act (Cap. 355 of the Laws of Malta). The legal entity identifier (LEI) number of the Guarantor is 98450039A59A6DB9S607. The Guarantor is the parent undertaking of the Group and of the Issuer. The Guarantor has its constitution, composition, activities, functions, and responsibilities set out in the said Water Services Act. It is responsible for and can manage potable water and wastewater services in the Maltese islands and its principal activities are to acquire, produce, distribute and sell water for domestic, industrial and commercial use, to treat and dispose or re-use wastewater and also to further reduce the energy costs related to the production of water using renewable energy sources.

Key financial information regarding the Guarantor

The key financial information regarding the Guarantor is set out below (presented in thousands):

Water Services Corporation

Statement of profit or loss and other comprehensive income for the year ending 31 December

	FY2022A	FY2021A	FY2020A
Revenue	82,300	77,921	76,053
Profit for the year	11,522	7,375	10,882

Water Services Corporation

Statement of financial position as at 31 December

	FY2022A	FY2021A	FY2020A
Total assets	453,906	450,529	441,350

Water Services Corporation

Statement of cash flows for the period ending 31 December

	FY2022A	FY2021A	FY2020A
Net cash generated from / (used in) operating activities	29,841	32,761	35,867
Net cash generated from / (used in) investing activities	(36,824)	(36,485)	(31,430)
Net cash generated from / (used in) financing activities	(6,692)	(4,175)	876

3.4 Key risks relating to the Guarantor and the Group and the Guarantee

Legal and regulatory risks

Risks relative to changes in laws and regulations and new industry standards and practices

The water industry and the Group's businesses are subject to extensive and increasingly stringent environmental protection, public health and safety and other relevant legal and regulatory obligations and controls, and the Guarantor and the other companies within the Group as a whole must comply with all applicable laws, regulations and regulatory standards, both at national level and also at EU level, which are applicable to their respective business and operations. There are risks that result from the vagueness of some regulatory provisions which may result in inconsistent application or enforcement, which can also result in suspension or revocation of permits, fines or penalties, institution of proceedings or other enforcement measures being taken against the Guarantor or other members of the Group, which could negatively and materially affect the Group's financial position, operations and/or reputation. Furthermore, the Group is subject to the risks of continuous introduction and changes in

these laws and regulations which affect the operations of the Group within a constantly evolving regulatory framework, including the increasing climate change regulations and other sustainability related new regulations and policies. The Group is at risk in relation to these changes and the timing and effects thereof, and changes in the interpretation thereof, which cannot be predicted and which can negatively affect the business and operations of Group companies, apart from the additional costs of compliance which these may entail.

Economic and financial risks

Risks relating to price controls

In terms of the Water Services Corporation Act, the prices to be charged by the Guarantor for any service or facility provided by it under the Act shall be in accordance with such tariffs as may, from time to time, be prescribed by the Guarantor following the written approval by the Regulator for Energy and Water Services set up under the Regulator for Energy and Water Services Act (Cap. 545 of the Laws of Malta). In setting the tariffs, therefore, the Guarantor relies on the written approval of the said Regulator, and whilst the said Regulator should be expected to act reasonably, it has no statutory duty to ensure the continued solvency or financial viability of the Guarantor in all circumstances. The Regulator may effectively use such approval mechanism to control prices of water and other relevant services, which may also lead to lowering of prices which may have a negative or undesired impact on profitability of the Guarantor. Furthermore, whilst lowering of prices are usually influenced by Government policy, and when they occurred in the past 10 years these were covered by subventions and grants made available by the Government to the Guarantor, there is no obligation on Government and no assurance that it will necessarily so compensate the Guarantor fully for such price reductions.

Risks relating to price increases of energy and other commodities

The Group's, and in particular the Guarantor's, activities relating to production, treatment and distribution of water, both potable water and wastewater, use energy and commodities, including chemicals to varying degrees, and thus such activities are exposed to any fluctuations in their prices. The increase in prices of energy and commodities are often due to political, economic or other factors over which the Group has no control, including the Covid-19 pandemic which increased demand and pushed up the prices on raw and secondary materials, as well as political conflicts such as the current Ukraine war which negatively affected the supply chain and the energy market. These factors and the consequent increase in energy prices can negatively affect the financial performance and earnings of the Group, which the Group may not necessarily be in a position to sensibly compensate for through an increase in prices of water which is a very sensitive political and social issue on a national level.

Risks arising from war and/or conflict

Wars and conflicts which may from time to time occur in various parts of the world, including the current Russia – Ukraine armed conflict, may present new risks or exacerbate certain risks to which the operations of the Group are subject, including shortage of and/or increase in prices and delay in importation and delivery of supplies needed for the business operations, apart from the negative effects these may have on the economy as a whole.

Business and operational risks

Risks relating to security of water supply

Water is the fundamental commodity around which the Guarantor's and the Group's business and operations revolve. It is a natural resource, which cannot be guaranteed in terms of continuity of supply in the quantity and quality needed by the Group to carry out its activities. It is subject to risks which may be accidentally caused by the Guarantor itself in the course of the production process, but it is primarily exposed to various external risks and factors which are beyond the control of the Group. These include: climate change which is leading to increased drought; increasing scarcity of water resources due to increased demand, also as a result of demographic and metropolitanisation pressures; the over-abstraction of groundwater, which may endanger the future availability of such water; the disposal, seeping or intrusion of substances and pollutants into the groundwater, through fraudulent or accidental causes; and the fact that whilst reverse osmosis water desalination could technically address and solve the groundwater shortage problem, this is more energy-intensive and thus less sustainable and less cost-efficient than groundwater, apart from the fact that this could also be subject to external risks which endanger its security of supply, including oil spills or other contamination of the sea area where the sea water abstraction boreholes are situated.

Risks relating to quality of water

Risk related to water and product quality is a core focus for the Group and its ability to provide essential services to its customers in compliance with required quality standards and specifications. The Group is exposed to various risk factors in this respect, including: fraudulent or accidental pollution of the groundwater, or its over abstraction leading to higher level of chlorides therein; fraudulent or accidental pollution of sea areas where reverse osmosis extraction boreholes are situated; and factors affecting the distribution infrastructure, principally the mains and pipeline network, which reduce the quality of water during the distribution up to its point of destination in consumers' taps, including the length of the distribution pipes, the age or poor condition of the pipelines, and contamination which could infiltrate through leakage points or which could be generated through deposits accumulated in the pipelines over the years. These risks also lead to increased costs involved in increased infrastructure replacement and maintenance, which may have a material adverse effect on the Group's financial resources.

Environmental, industrial and health and safety risks

The operations of the Group carry risks to the surrounding environment (air, water, soil, habitat and biodiversity) and may pose risks to the health of consumers, local residents, employees, or even subcontractors. This presents various health and environmental risks to the Group which increase the Group's vulnerability in relation to its activities, including the risk of changing and introduction of more regulations with regard to environmental responsibility and liabilities, the handling or generation of hazardous products or by-products by the Group in the course of its activities which could be toxic or infectious and which could pollute the environment, the reputational risk and risk of enforcement and consequent sanctions as a result of non-compliance with the relevant standards which are always increasing, exposure to claims relating to health and safety at work or claims for health hazards, injury or even death at the workplace. The amounts provisioned or covered by the Group's employers' liability and group personal accident and civil liability insurance as well as environmental risk self-insurance may be insufficient if the Group incurs health and safety and environmental liability, given the difficulty and uncertainties involved in forecasting expenses and liabilities related to health, safety and the environment. The above could have a material negative impact on the Group's public image, operations, financial position and earnings.

Non-revenue water risks

The Group, in particular the Guarantor, is continuously faced with and assiduously addressing the risks of non-revenue water, consisting mainly of real losses generated through leakages and overflows in the distribution infrastructure and apparent losses resulting essentially from theft of water, meter errors and other billing inefficiencies. Apart from the loss of revenue, these risks also give rise to various social and reputational challenges, particularly in view of the loss of opportunity of using the relevant potential revenue in further investment in and improvement of the service infrastructure for the benefit of the Group and consumers, the creation of social injustice created through theft or other apparent losses by having some consumers using water free of charge whilst other consumers paying for it and also by depriving the latter of potentially benefitting from lower rates if no revenue were lost, as well as the negative impact on public image and the great deal of public criticism that such non-revenue water incidences manage to generate and attract against the Group.

Risks relating to the Guarantee

The strength of the undertakings on the part of the Guarantor under the Guarantee and therefore, the level of recoverability by the Bondholders from the Guarantor of any amounts due under any of the Bonds, is dependent upon and directly linked to the financial position and solvency of the Guarantor, which will be affected by the level of indebtedness and liabilities incurred by such Guarantor, as well as by other factors which may negatively impact such financial position and solvency.

3.5 What are the key risks that are specific to the securities?

Suitability of the Bonds

An investment in the Bonds may not be suitable for all recipients of the Prospectus and prospective investors are urged to read and understand the Prospectus in full and to consult an investment advisor before making an investment decision with a view to ascertain that s/he has sufficient knowledge and understanding of the Bonds and the merits and risks of investing in the Bonds, and that s/he has sufficient financial resources and liquidity to bear all the risks of an investment in the Bonds. Otherwise there is a risk that such investor may acquire an investment which is not suitable for his/her risk profile.

Risks relating to Green Bonds

The use of proceeds of the Issuer Green Bonds may not be suitable for the investment criteria of a Bondholder. No assurance is given by the Issuer or its advisors that the use of an amount equal to the proceeds of the Issuer Green Bonds for any Eligible Green Projects identified in the Prospectus will satisfy, in whole or in part, any present or future investor expectations or requirements regarding any investment criteria or guidelines with which such investor or its investments are required to comply, in particular with respect to any direct or indirect environmental, social, governance or other sustainability impact of any projects or uses. The definition (legal, regulatory or otherwise) of a "green" or equivalently labelled project, as well as the market consensus for a particular project to be defined as such, is currently under development, including under the regime of the Taxonomy Regulation ((EU) 2020/852), and is subject to changing criteria, requirements and standards. Moreover, whilst it is the intention that an amount equal to the proceeds of the Issuer Green Bonds is applied in the manner described in Section 4.2 of this Summary and to ensure that the Issuer Green Bonds are aligned with the Green Bond Principles and as further described in the Green Bond Framework, the Eligible Green Projects identified in such Section 4.2 may not be capable of being implemented in or substantially in such manner and/or within any indicated timing schedule and that accordingly such proceeds may not be fully disbursed for the indicated Eligible Green Projects. Moreover, the Eligible Green Projects so indicated may, for various reasons, not be completed within any indicated period or at all or may not be completed with the results or outcome as originally expected or anticipated by the Issuer or the Guarantor. This may also lead to a withdrawal or reversal of any verification, opinion, certification or report previously obtained from or produced by the Accredited External Reviewer or any other third party in connection with the issue of the Issuer Green Bonds. Any such event or failure by the Issuer or the Guarantor or withdrawal or reversal of any relevant verification, opinion, certification or report will not constitute an Event of Default under the Bonds or a default of the Issuer or the Guarantor for any purpose, notwithstanding that it may have a material adverse effect on the value and marketability of the Bonds and/or may not meet the investment expectations or requirements of Bondholders.

Trading and liquidity risks

There can be no assurance that an active secondary market for the Bonds will develop or, if it develops, that it will continue. Nor can there be any assurance that an investor will be able to re-sell his/her Bonds at or above the Bond Issue Price or at all. A trading market having the desired characteristics of depth, liquidity and orderliness depends on a number of factors, which are dependent upon the individual decisions of investors and the general economic conditions of the market, over which the Issuer has no control. The outbreak of the COVID-19 pandemic in 2020, has resulted in a highly volatile economy. This volatility may also increase as a result of wars or conflicts between countries, including the current Russia – Ukraine conflict. Continued or increased volatility and disruption in the capital markets may impair the saleability of the Bonds.

Interest rate risk

Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds. Currently, interest rates have gone through a gradual increase and are expected to continue rising to some extent. Generally, if interest rates rise, the prices that market participants will generally be willing to pay for the Bonds can be expected to decline. Moreover, price risks for longer maturity bonds tend to be higher than for shorter maturity bonds.

Risks relating to inflation

Inflation remains at elevated levels when compared to the past decades. This can have two negative impacts on those who invest in bonds. Inflation typically leads to a rise in short-term interest rates, and intermediate and longer-term rates also tend to go up as a consequence. This rise in interest rates will lead to a fall in the prices of bonds. Furthermore, inflation can wipe away the yields generated by a bond, in view of the loss of purchasing power brought about by inflation.

04 KEY INFORMATION ON THE OFFER OF THE SECURITIES TO THE PUBLIC AND THE ADMISSION TO TRADING ON A REGULATED MARKET

4.1 Under which conditions and timetable can I invest in this security?

Application for the Bonds

Preferred Applicants who wish to subscribe for the Preferred Amount of Bonds on a preferential basis to other investors may do so by completing an Application Form A and submitting the same to an Authorised Financial Intermediary during the Preferred Applicants' Offer Period and by not later than 12:00 hours on 31 July 2023. Application Forms A will be made available to Preferred Applicants by the Issuer as from 26 July 2023.

Members of the general public who wish to subscribe for Bonds, other than Preferred Applicants in respect of the subscription for the Preferred Amount, are to contact any of the Authorised Financial Intermediaries through whom they may participate in the Bond Issue by submitting to it a duly completed Application Form B during the General Public Offer Period and by not later than 12:00 hours on 18 August 2023 or such earlier date as may be determined by the Issuer in case of over-subscription. Application Forms B will be available from the Authorised Financial Intermediaries as from 26 July 2023.

All Applications are subject to a minimum subscription amount of €5,000 in nominal value of Bonds and in multiples of €100 thereafter: provided that the subscription amount to be applied for on a preferential basis by Preferred Applicants by using Application Form A shall be fixed at €5,000.

Expected timetable

1	Application Forms available:	26 July 2023
2	Offer Period, which includes the Preferred Applicants' Offer Period in 2a below and the General Public Offer Period in 2b below (may close earlier as determined by the Issuer)*:	26 July 2023 to 18 August 2023
2a	Preferred Applicants' Offer Period (fixed and will not close earlier)	26 July 2023 to 31 July 2023
2b	General Public Offer Period (may close earlier as determined by the Issuer)*	1 August 2023 to 18 August 2023
3	Commencement of interest:	25 August 2023
4	Announcement of basis of acceptance:	25 August 2023
5	Refunds of unallocated monies (if any):	1 September 2023
6	Dispatch of allotment letters:	1 September 2023
7	Expected date of admission of Bonds to listing:	1 September 2023
8	Expected date of commencement of trading in the Bonds:	4 September 2023

*The Issuer reserves the right to close the General Public Offer Period and thus the Offer Period earlier in the event of over-subscription, in which case the remaining events set out in steps 3 onwards may be brought forward and will take place in the same chronological order as set out above. The Preferred Applicants' Offer Period will be fixed for the period indicated above and may not be closed earlier.

Plan of distribution and allotment and allocation policy

The Bonds will be available for subscription by all categories of investors.

Applications shall be made through any of the Authorised Financial Intermediaries at any time during the Offer Period.

The Issuer has reserved an amount in nominal value of Bonds equal to the Preferred Amount multiplied by the number of Preferred Applicants as of the date of this Summary, which shall be approximately €5.4 million, for subscription by Preferred Applicants on a preferential basis over other Applicants. The remaining amount of Bonds plus any amount reserved for Preferred Applicants as aforesaid but not taken up by such Preferred Applicants, shall be made available for subscription by any investors, including Preferred Applicants if and to the extent that they wish to apply for subscription of Bonds in excess of the Preferred Amount or otherwise on a non-preferential basis.

Bonds applied for on a preferential basis by Preferred Applicants for the Preferred Amount on the basis of an Application Form A shall be allocated by the Issuer to such Preferred Applicants. Other Bonds shall be allocated in accordance with an allocation policy to be announced by the Issuer at the time of announcement of the result of the Bond Issue. The Issuer shall announce the result of the Bond Issue through an announcement to be uploaded on the Issuer's website, namely www.clearflowplus.com.

It is expected that Applicants will be notified of the amount of Bonds allocated to them respectively by means of an allotment letter to be sent within five (5) Business Days of the announcement of the result of the Bond Issue and of the allocation policy to be adopted.

The issue and final allotment of the Bonds is conditional upon the Bonds being admitted to the Green Bond List of the MSE. In the event that this Condition Precedent is not satisfied within fifteen (15) Business Days from the closing of the Offer Period, any Application monies received by the Issuer will be returned without interest by direct credit into the Applicant's bank account.

Total estimated expenses

The total estimated expenses of the Bond Issue are estimated not to exceed €500,000. These have been agreed to be borne by the Guarantor.

4.2 Why is this Prospectus being issued?

Use and estimated amount of proceeds

The proceeds from the Bond Issue, will be used by the Issuer to provide a loan facility to the Guarantor, namely the Issuer-Guarantor Loan, to be used as provided below. The Issuer-Guarantor Loan will bear interest at 4.75% per annum payable on 10 August of each year, and the principal amount thereof shall be repayable by not later than 10 August 2033.

In turn, the Issuer-Guarantor Loan will be used by the Guarantor for the following purposes, in the amounts and order of priority set out below:

- (i) PV panels project: an amount of up to €6,000,000 will be used to finance the expected capital expenditure involved in procuring, installing and commissioning the new photovoltaic plants by the installation of photovoltaic panels on the reservoirs and other locations situated in various regions of Malta, namely the Luqa reservoir, the Guarantor's Luqa headquarters and lab offices, the Pembroke reverse osmosis plant, the Lapsi reverse osmosis plant, the Naxxar reservoir, the Barkat sewerage treatment plant, the Bulebel new warehouse and the Cirkewwa reverse osmosis plant;
- (ii) Re-financing of part of Hondoq reverse osmosis plant project: an amount of up to €1,700,000 will be used to re-finance part of the costs incurred in connection with the development and commissioning of Hondoq ir-Rummien reverse osmosis plant, through the repayment of a portion of the outstanding overdraft facility due by the Guarantor to HSBC Bank Malta p.l.c. which has been used to pay contractors for works and services connected with such project;
- (iii) Ta' Barkat wastewater treatment plant aeration project: an amount of up to €2,000,000 will be used to finance the expected costs involved in upgrading the airblowers and the aeration system within Ta' Barkat wastewater treatment plant;
- (iv) Investment in reducing non-revenue water and improving billing efficiencies projects: an amount of up to €7,900,000 will be used to finance investments in projects aimed to further reduce non-revenue water and improve billing efficiencies, in particular the costs in connection with the purchase and commissioning of the upgrade to the Guarantor's Enterprise Resource Planning (ERP) – SAP system and the algorithmic software within such system so as to enhance its effectiveness in detecting real losses and to a greater extent apparent losses; and
- (v) Investment in upgrading the water network and infrastructure projects: the remaining amount of €7,400,000 together with any residual amounts not utilised for the purposes identified in paragraphs (i) to (iv) above will be used to finance investments in continuing projects related to upgrading the water distribution network and infrastructure, in particular those connected with the repair, replacement, maintenance and where necessary rerouting or redesigning of such network and infrastructure.

The projects referred to in paragraphs (i) to (v) above have been evaluated, assessed and selected by the Issuer, with the assistance of the Sustainability Committee, as being, and are deemed by it to be, Eligible Green Projects and have been verified as such by the Accredited External Reviewer.

Underwriting

The Bond Issue is not subject to an underwriting agreement on a firm commitment basis.

Conflicts of interest

Without prejudice to the potential conflicts of interest of Directors disclosed in the Prospectus, save for the subscription for and/or sale of Bonds by the Authorised Financial Intermediaries (which include the Sponsor, Manager & Registrar), and any fees payable in connection with the Bond Issue to the Sponsor, Manager & Registrar, so far as the Issuer is aware no person involved in the Bond Issue has any material conflicts of interest pertaining to the offer of Bonds or their admission to trading.

REGISTRATION DOCUMENT

Dated 20 July 2023

This Registration Document is issued in accordance with the provisions of Chapter 4 of the Capital Markets Rules issued by the Malta Financial Services Authority and in accordance with the Prospectus Regulation.



CLEARFLOWPLUS P.L.C.

a public limited liability company duly incorporated under the Laws of Malta,
with Company registration number C 38895

Sponsor, Manager & Registrar



Accredited External
Reviewer



Legal Counsel



THIS REGISTRATION DOCUMENT HAS BEEN APPROVED BY THE MALTA FINANCIAL SERVICES AUTHORITY AS THE COMPETENT AUTHORITY UNDER THE PROSPECTUS REGULATION. THE MALTA FINANCIAL SERVICES AUTHORITY ONLY APPROVES THIS REGISTRATION DOCUMENT AS MEETING THE STANDARDS OF COMPLETENESS, COMPREHENSIBILITY AND CONSISTENCY IMPOSED BY THE PROSPECTUS REGULATION. SUCH APPROVAL SHOULD NOT HOWEVER BE CONSIDERED AS AN ENDORSEMENT OF THE ISSUER THAT IS THE SUBJECT OF THIS REGISTRATION DOCUMENT. IN PROVIDING THIS AUTHORISATION, THE MALTA FINANCIAL SERVICES AUTHORITY DOES NOT GIVE ANY CERTIFICATION REGARDING THE POTENTIAL RISKS IN INVESTING IN ANY INSTRUMENT ISSUED BY THE ISSUER AND SUCH AUTHORISATION SHOULD NOT BE DEEMED OR BE CONSTRUED AS A REPRESENTATION OR WARRANTY AS TO THE SAFETY OF INVESTING IN SUCH INSTRUMENTS.

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

A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY LISTED FINANCIAL INSTRUMENT. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS 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 FINANCIAL ADVISOR.

APPROVED BY THE DIRECTORS

A blue ink signature of Karl Cilia, written in a cursive style.

Karl Cilia

A blue ink signature of Matthew Costa, written in a cursive style.

Matthew Costa

in their capacity as Directors, and on behalf of Vince Micallef, David Sacco, Angela Azzopardi, Luke Cann, Abigail Cutajar and Katrina Cuschieri.

IMPORTANT INFORMATION

THIS REGISTRATION DOCUMENT CONTAINS INFORMATION ON CLEARFLOWPLUS P.L.C. IN ITS CAPACITY AS ISSUER AND WATER SERVICES CORPORATION AS GUARANTOR, IN ACCORDANCE WITH THE REQUIREMENTS OF THE CAPITAL MARKETS RULES, THE COMPANIES ACT (CAP. 386 OF THE LAWS OF MALTA) AND THE PROSPECTUS REGULATION.

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

ALL THE ADVISORS TO THE ISSUER NAMED UNDER THE HEADING "ADVISORS" IN SECTION 3.4 OF THIS REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER IN RELATION TO THE PROSPECTUS AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL ACCORDINGLY NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS.

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

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

THE DISTRIBUTION OF THE PROSPECTUS IN CERTAIN JURISDICTIONS MAY BE RESTRICTED AND ACCORDINGLY, PERSONS INTO WHOSE POSSESSION IT IS RECEIVED ARE REQUIRED TO INFORM THEMSELVES ABOUT, AND TO OBSERVE, SUCH RESTRICTIONS.

IT IS THE RESPONSIBILITY OF ANY PERSONS IN POSSESSION OF THIS DOCUMENT AND ANY PERSONS WISHING TO APPLY FOR ANY SECURITIES ISSUED BY THE ISSUER TO INFORM THEMSELVES OF, AND TO OBSERVE AND COMPLY WITH, ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTION. PROSPECTIVE APPLICANTS FOR ANY SECURITIES THAT MAY BE ISSUED BY THE ISSUER SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS OF APPLYING FOR ANY SUCH SECURITIES AND ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS AND TAXES IN THE COUNTRIES OF THEIR NATIONALITY, RESIDENCE OR DOMICILE.

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

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

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

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

THIS REGISTRATION DOCUMENT IS VALID FOR A PERIOD OF TWELVE MONTHS FROM THE DATE HEREOF. WITHOUT PREJUDICE TO THE ISSUER'S REPORTING OBLIGATIONS IN TERMS OF APPLICABLE LAWS OR AS SET OUT IN THE PROSPECTUS, FOLLOWING THE LAPSE OF THIS VALIDITY PERIOD OF TWELVE MONTHS, THE ISSUER IS NOT OBLIGED TO UPDATE OR SUPPLEMENT THE PROSPECTUS IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKES OR MATERIAL INACCURACIES.

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

THE VALUE OF INVESTMENTS CAN FALL AS WELL AS RISE, AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THE PROSPECTUS AS A WHOLE AND SHOULD CONSULT THEIR OWN FINANCIAL AND OTHER PROFESSIONAL ADVISORS.

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01 DEFINITIONS

In this Registration Document the following words and expressions shall bear the following meanings except where otherwise expressly stated or where the context otherwise requires:

Accredited External Reviewer	Grant Thornton Limited, with address at Fort Business Centre, Level 2, Triq L-Intornjatur, Zone 1, Central Business District, Birkirkara CBD 1050, Malta;
Act	The Companies Act, 1995, Cap. 386, Laws of Malta;
Automated Revenue Management Services Ltd	Automated Revenue Management Services Ltd, a limited liability company registered under the laws of Malta, with company registration number C 46054, having its registered office at Gattard House, National Road, Blata l-Bajda, Hamrun HMR 9010, Malta;
Bondholders	The holders of the Bonds, each a "Bondholder";
Bond Issue	The issue of Bonds;
Bonds or Issuer Green Bonds	The €25,000,000 bonds due 25 August 2033 of a nominal value of €100 per bond payable in full upon subscription and redeemable at their Redemption Value on the Redemption Date, bearing interest at the rate of 4.25% per annum, as set out in the Securities Note;
Business Day	Any day between Monday and Friday, both days included, on which commercial banks in Malta settle payments and are open for normal banking business;
Bye-Laws	The bye-laws issued by the authority of the Board of Directors of the Malta Stock Exchange, for the proper functioning of the Exchange, as amended from time to time;
Capital Markets Rules	The capital markets rules issued by the Malta Financial Services Authority in terms of the Financial Markets Act (Cap. 345 of the Laws of Malta);
Condition Precedent	The condition/s set out under paragraph (a) of Section 9.2 of the Securities Note, to which the issue and final allotment of the Bonds is subject, namely that the Bonds are admitted to the Green Bond List by not later than fifteen (15) Business Days from the closing of the Offer Period;
Directors or Board	The directors of the Issuer whose names are set out under the heading "Identity of the Directors, Advisors, Auditors and Accredited External Reviewer" in Section 3 of this Registration Document;
EIB	European Investment Bank;
Eligible Green Project/s	Any project that falls under one or more of the categories outlined in bye-law 5.02.13.02 of the Bye-Laws or, any other project which the Exchange considers to be eligible under the Green Bond Principles issued by ICMA;
Euro or €	The official currency of the member States of the European Union that form part of the Euro-zone, including Malta;
Green Bond	A debt instrument the proceeds of which will be exclusively applied to finance or refinance, in part or in full, new and/or existing Eligible Green Project/s;
Green Bond Framework	The Issuer's green bond framework, as amended and supplemented from time to time, as available on the Issuer's website (https://www.clearflowplus.com);
Green Bond List	The MSE Green Bond List prepared and published by the Malta Stock Exchange as its official list of Green Bonds satisfying the additional MSE Green Bond List admissibility conditions set out in, and in accordance with, the Malta Stock Exchange Bye-Laws;

Green Bond Principles	The guidelines on the recommended transparency and disclosures necessary to promote integrity in the development of the Green Bond market as issued by ICMA and titled "Green Bond Principles – Voluntary Process Guidelines for Issuing Green Bonds", as they may be amended from time to time and as also defined on the ICMA website https://www.icmagroup.org/ ;
Group or WSC Group	The Guarantor and its direct or indirect Subsidiaries, including the Issuer, and the term "Group Company" shall mean any one of the companies forming part of the Group;
Guarantee	The joint and several guarantee dated 20 July 2023 granted by the Guarantor as security for the punctual performance of the Issuer's payment obligations under the Bond Issue. A copy of the Guarantee, which contains a description of the nature and scope and the terms of the Guarantee, is appended to the Securities Note as Annex III thereto;
Guarantor or Water Services Corporation	Water Services Corporation, a body corporate / corporation established in Malta by virtue of the Water Services Act (Cap. 355 of the Laws of Malta), with head office at Water Services Corporation, Triq Hal Qormi, Luqa LQA9043, Malta, and having such constitution, functions and composition as set out in the said Act;
ICMA	International Capital Markets Association;
Infrastructural Leakage Index or ILI	The index established by the International Water Association as a performance indicator for comparisons of leakage management in water supply systems;
Issuer or Company	ClearFlowPlus p.l.c., a public limited liability company registered under the laws of Malta with company registration number C 38895 and having its registered office at Water Services Corporation, Triq Hal Qormi, Luqa LQA 9043, Malta;
Issuer-Guarantor Loan	The loan facility between the Issuer, as lender, and the Guarantor, as borrower, referred to in Section 4.2 of the Securities Note, by virtue of which the proceeds of the Bond Issue will be made available by the Issuer to the Guarantor;
Malta Developers Green Energy Ltd	Malta Developers Green Energy Ltd, a limited liability company registered under the laws of Malta, with company registration number C 83927, having its registered office at Malta Developers Association, Triq L-Orsolini, Gwardamangia, Pieta' PTA 1227, Malta;
MaltaEnergy Limited	MaltaEnergy Limited, a limited liability company registered under the laws of Malta, with company registration number C 79698, having its registered office at 43/45, Triq il-Kapuccini, Floriana FRN 1052, Malta;
Malta Financial Services Authority or MFSA	The Malta Financial Services Authority, established in terms of Article 3 of the Malta Financial Services Authority Act (Cap. 330 of the Laws of Malta), and which has been appointed by the Financial Markets Act (Cap. 345 of the Laws of Malta) as the competent authority to approve prospectuses of any offer of securities to the public in Malta;
Malta Stock Exchange or Exchange or MSE	Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act (Cap. 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;
Memorandum and Articles of Association or Articles	The memorandum and articles of association of the Issuer in force at the time of publication of this Registration Document;
Offer Period	The period commencing at 08:30 hours on 26 July 2023 and ending at 12:00 hours on 18 August 2023, both days included, during which the Bonds are on offer, as the same may be closed earlier by the Issuer, as provided in Section 9 of the Securities Note;
Prospectus	Collectively, the Registration Document, the Securities Note and the Summary;
Prospectus Regulation	Regulation (EU) 2017/1129 of 14 June 2017 of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as may be amended and/or supplemented from time to time;

Redemption Date	25 August 2033;
Redemption Value	The redemption amount to be paid to a Bondholder in respect of the redemption of a Bond on the Redemption Date, apart from any interests accrued up to such date, which shall be the nominal value of such Bond;
Registration Document	This document in its entirety, forming part of the Prospectus
Securities Note	The securities note issued by the Issuer dated 20 July 2023, forming part of the Prospectus;
Sponsor or Manager or Registrar	Calamatta Cuschieri Investment Services Limited, a private limited liability company registered under the laws of Malta having its registered office at Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034, Malta and bearing company registration number C 13729. Calamatta Cuschieri Investment Services Limited is authorised to conduct investment services by the Malta Financial Services Authority in terms of the Investment Services Act (Cap. 370 of the laws of Malta) and is a member of the MSE;
Subsidiary	When such term used in respect of an undertaking, namely a parent undertaking, it means an undertaking which is such parent undertaking's direct or indirect "subsidiary undertaking", as such latter term is defined in Article 2(2)(c) of the Act, and for such purpose the term "parent undertaking" shall have the meaning assigned to it in Article 2(2)(a) of the Act, and "Subsidiaries" shall be construed accordingly;
Summary	The summary issued by the Issuer dated 20 July 2023, forming part of the Prospectus;
Sustainability Committee	The Sustainability Committee of the Issuer established in accordance with Section 10.2 of this Registration Document;
Taxonomy Regulation	Regulation (EU) No. 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment;
Use of Proceeds Account	A separate account or sub-account (bank account or internal account/ledger) of the Issuer, to which shall be credited the proceeds of the Bond Issue, and which enables such proceeds to be tracked and managed by the Issuer, acting through the Sustainability Committee, to ensure that such Bond proceeds are effectively used into the projects which were pre-identified as the Eligible Green Projects for which the such proceeds are intended to be used; and
WSC International Limited	WSC International Limited, a limited liability company registered under the laws of Malta, with company registration number C 78356, having its registered office at Water Services Corporation, Triq Hal Qormi, Luqa LQA 9043, Malta.

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

Unless it appears otherwise from the context:

- (a) words importing the singular shall include the plural and *vice-versa*;
- (b) words importing the masculine gender shall include also the feminine gender and *vice-versa*;
- (c) the word "may" shall be construed as permissive and the word "shall" shall be construed as imperative;
- (d) any references to a person includes natural persons, firms, partnerships, companies, corporations, associations, organizations, governments, states, foundations or trusts;
- (e) any phrase introduced by the term "including", "include", "in particular" or any similar expression, is illustrative only and does not limit the sense of the words preceding the term; and
- (f) any references to a law, legislative act and/or other legislation shall mean that particular law, legislative act and/or legislation as in force at the time of issue of this Registration Document.

02 RISK FACTORS

PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER WITH THEIR OWN FINANCIAL AND OTHER PROFESSIONAL ADVISORS THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS, AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THE PROSPECTUS, BEFORE MAKING ANY INVESTMENT DECISION WITH RESPECT TO THE ISSUER OR ITS SECURITIES.

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 RISK FACTORS BELOW HAVE BEEN CATEGORISED UNDER TWO MAIN CATEGORIES, ACCORDING TO WHETHER THE RISK FACTORS RELATE TO: (I) THE ISSUER; OR (II) THE GUARANTOR AND THE GROUP, WITH THESE CATEGORIES BEING DIVIDED INTO FURTHER SUB-CATEGORIES, AS AND WHERE RELEVANT. THE RISK FACTOR FIRST APPEARING UNDER EACH SUB-CATEGORY CONSTITUTES THAT RISK FACTOR WHICH THE DIRECTORS HAVE ASSESSED TO BE THE MOST MATERIAL RISK FACTOR UNDER SUCH SUB-CATEGORY AS AT THE DATE OF THIS REGISTRATION DOCUMENT. IN MAKING THIS ASSESSMENT OF MATERIALITY, THE DIRECTORS HAVE EVALUATED THE COMBINATION OF: (I) THE PROBABILITY THAT THE RISK FACTOR OCCURS; AND (II) THE EXPECTED MAGNITUDE OF THE ADVERSE EFFECT ON THE FINANCIAL CONDITION AND PERFORMANCE OF THE ISSUER, THE GUARANTOR OR THE GROUP, IF THE RISK FACTOR WERE TO MATERIALISE.

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, FINANCIAL CONDITION, OPERATIONAL PERFORMANCE, BUSINESS AND/OR TRADING PROSPECTS, AND ON THE ABILITY OF THE ISSUER TO FULFIL ITS OBLIGATIONS UNDER THE SECURITIES TO BE ISSUED BY IT FROM TIME TO TIME AND OF THE GUARANTOR TO HONOUR ITS OBLIGATIONS UNDER THE GUARANTEE. THE RISKS AND UNCERTAINTIES DISCUSSED BELOW ARE THOSE IDENTIFIED AND BELIEVED TO BE MATERIAL AS AT THE DATE HEREOF BY THE DIRECTORS OF THE ISSUER, BUT THESE RISKS AND UNCERTAINTIES MAY NOT BE THE ONLY ONES THAT THE ISSUER AND THE GUARANTOR MAY FACE. ADDITIONAL RISKS AND UNCERTAINTIES, INCLUDING THOSE WHICH THE ISSUER'S DIRECTORS ARE NOT CURRENTLY AWARE OF, MAY WELL RESULT IN A MATERIAL ADVERSE IMPACT ON THE FINANCIAL RESULTS, FINANCIAL CONDITION, OPERATIONAL PERFORMANCE, BUSINESS AND/OR TRADING PROSPECTS.

NEITHER THE PROSPECTUS NOR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH SECURITIES ISSUED BY THE ISSUER: (I) IS INTENDED TO PROVIDE THE BASIS OF ANY CREDIT OR OTHER EVALUATION OR (II) IS OR SHOULD BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER, THE DIRECTORS, ANY OF THE ADVISORS LISTED IN SECTION 3 BELOW, THE SPONSOR OR ANY OF THE AUTHORISED FINANCIAL INTERMEDIARIES THAT ANY RECIPIENT OF THE PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION THEREWITH, SHOULD PURCHASE ANY SECURITIES ISSUED BY THE ISSUER. PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN INDEPENDENT EVALUATION OF ALL RISK FACTORS, AND SHOULD CONSIDER ALL OTHER SECTIONS IN THIS DOCUMENT AND IN OTHER DOCUMENTS COMPRISED IN THE PROSPECTUS.

Forward-looking Statements

The Prospectus and the documents incorporated therein by reference or annexed thereto contain statements that are, or may be deemed to be, forward-looking statements. Forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believe", "estimate", "forecast", "project", "plan", "anticipate", "expects", "envisage", "intend", "may", "will", or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements relate to matters that are not historical facts. They appear in a number of places within the Prospectus and include statements regarding the intentions, beliefs or current expectations of the Issuer and, or the Directors concerning, amongst other things, the Issuer's or the Guarantor's strategy and business plans, financial condition and performance, results of operations, liquidity, prospects, investments, and the markets in which it operates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may, or may not occur, in the future. Forward-looking statements are not guarantees of future

performance and should therefore not be construed as such. The Issuer's and/or the Guarantor's actual operational results, financial condition and performance, and trading prospects may differ materially from the impression created by the forward-looking statements contained in the Prospectus. In addition, even if the operational results, financial condition and performance, and trading prospects of the Issuer or the Guarantor are consistent with the forward-looking statements contained in the Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that may cause these differences include, but are not limited to, those factors identified under this section and elsewhere in the Prospectus.

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

2.1 Risks relating to the Issuer

Risks relating to the Issuer's business and its reliance on the Guarantor

With respect to the sourcing of engagements for, and the actual performance of, a material part of its services, the Issuer is dependent on the Guarantor, its business contacts and operations, as well as on the know-how and expertise developed by the Guarantor. It is also dependent on the human resources of the Guarantor since the operations of the Issuer are conducted through employees of the Guarantor. A negative impact on these resources of the Guarantor through the materialization of reputation or competition risks, risks of outdated through technological and operational advancements or other operational, market or financial risks, may therefore negatively affect the service engagements and business of the Issuer and its financial condition.

Furthermore, the main asset of the Issuer will soon, after the issue of the Bonds, become the proposed Issuer-Guarantor Loan to be provided by the Issuer to the Guarantor out of the proceeds of the Bond Issue. With respect to its payment obligations under the Bonds, the Issuer's profits generated from its business operations as aforesaid will not be sufficient to finance such payments due to Bondholders. In this respect the Issuer is principally dependent, including for the purpose of servicing interest payments on the Bonds and the repayment of the Redemption Value on redemption, on the receipt of interest payments and loan repayment from the Guarantor under the Issuer-Guarantor Loan. In this respect, therefore, the Issuer is dependent on the business prospects and operating results of the Guarantor.

Therefore, the risks intrinsic in the business and operations of the Guarantor have an 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 the Redemption Value when due including, in the case of the Guarantor, any payments that it may be required to make under the Guarantee. Accordingly, the risks of the Issuer are indirectly those of the Group, in particular the Guarantor.

2.2 Risks relating to the Guarantor and the Group

The Guarantor is the main operating company within the Group, and depends on the viability, profitability and success of its projects, business and operations, for its continued liquidity, financial soundness and growth and also its ability to make payments to its creditors, including in particular payments to the Issuer under the Issuer-Guarantor Loan. The business and operations of the Guarantor and its financial performance and of the Group as a whole will be subject to certain risks.

Legal and regulatory risks

Risks relative to changes in laws and regulations and new industry standards and practices

The water industry and the Group's businesses are subject to extensive and increasingly stringent environmental protection, public health and safety and other relevant legal and regulatory obligations and controls, and the Guarantor and the other companies within the Group as a whole must comply with all applicable laws, regulations and regulatory standards, both at national level and also at EU level, which are applicable to their respective business and operations. These relate inter alia to drinking water quality, water table contamination, water discharges, wastewater treatment, treatment of sludge and waste in general, long-term monitoring of landfills, air emissions quality, compliance of equipment and chemical products, and greenhouse gas emissions, data privacy and information protection.

Despite the efforts to manage these legal and regulatory risks within the Group, there are still many risks that result from the vagueness of some regulatory provisions which may result in inconsistent application or enforcement or the fact that regulatory bodies can amend their enforcement approach or instructions and that major developments in the legal and regulatory framework may occur. In addition, the relevant regulatory bodies have the power to institute legal or administrative proceedings against the Guarantor or other members of the Group (as applicable), which could lead to the suspension or revocation of permits or authorizations held, orders to cease or abandon certain activities or services, as well as fines or administrative penalties, or criminal convictions, which could negatively and materially affect the Group's financial position, operations and/or reputation. Furthermore, the conditions attached to authorizations and permits held by the Group could be made more stringent by the relevant authorities.

The above risks are further aggravated by the risks of continuous introduction and changes in these laws and regulations which affect the operations of the Group within a constantly evolving regulatory framework, including the increasing climate change regulations and other sustainability related new regulations and policies. As with any business, the Group is at risk in relation to changes in laws and regulations to which it is subject and the timing and effects thereof, including changes in the interpretation thereof, and in administrative practices, which cannot be predicted and which can negatively affect the business and operations of Group companies, apart from the additional costs of compliance, including costs of additional reporting, which these may entail. The Guarantor or one of its Subsidiaries may be unable to anticipate the implications of legal and regulatory changes in a given sector or activity in which it is involved, which may necessitate a re-evaluation of processes from an operational and other perspectives. Subsequently, the Group could be forced to reduce, temporarily interrupt, or even discontinue one or more activities with no assurance of being able to offset for the corresponding losses. This may result in a loss of revenue for the respective sector and the profitability of the Group.

In addition, as part of the roll-out of the EU Action Plan for Sustainable Finance Growth, a European taxonomy of sustainable activities has been established in 2021 to identify economic activities that can be classified as environmentally "sustainable". The full implementation of the scheme is expected to be completed by 2023. This could ultimately contribute to focusing investments of the Group on only part of the activities currently performed, to the detriment of the Group's other business activities that also have a positive environmental impact that is not recognised within the narrow framework according to the defined criteria.

Litigation risk

The business sectors in which the Group is involved and/or operating expose it to legal claims, with or without merit, whether in respect of health, safety or environmental accidents, interruption or discontinuity of service, the quality of product allegedly failing to meet required or expected standards and other matters. Defence and settlement costs can be substantial. 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 results of operations, financial condition or reputation.

Economic and financial risks

Risks relating to price controls

In terms of the Water Services Corporation Act (Cap. 355 of the Laws of Malta), the prices to be charged by the Guarantor for any service or facility provided by it under the Act shall be in accordance with such tariffs as may, from time to time, be prescribed by the Guarantor following the written approval by the Regulator for Energy and Water Services set up under the Regulator for Energy and Water Services Act (Cap. 545 of the Laws of Malta). The Water Services Corporation Act sets an obligation on the Guarantor to ensure that the prices charged are adequate to secure the financial viability of the Guarantor, namely that they provide sufficient revenue to the Guarantor in any financial year to cover operating expenses, to meet periodic repayments on long term indebtedness, to create reserves to finance a reasonable part of the cost of future expansion, and to provide a reasonable return on investment and expenditure. Yet, in setting the tariffs, the Guarantor relies on the written approval of the Regulator for Energy and Water Services, and whilst the said Regulator should be expected to act reasonably in granting or refusing such approval, it has no statutory duty to ensure the continued solvency or financial viability of the Guarantor in all circumstances. The Regulator may effectively use such approval mechanism to control prices of water and other relevant services, which may also lead to lowering of prices which may have a negative or undesired impact on profitability of the Guarantor.

Furthermore, whilst lowering of prices are usually influenced by Government policy, and when they occurred in the past 10 years these were covered by subventions and grants made available by the Government to the Guarantor, there is no obligation on Government and no assurance that it will necessarily compensate the Guarantor fully for such price reductions through such subventions and grants.

There is therefore no assurance that future price controls and price reductions will permit the generation of sufficient revenues to enable the Guarantor to carry out its functions, to carry out its business profitably, to meet planned capital expenditure for maintenance and innovation of plant, equipment, infrastructure, systems and technology, for meeting all its operational and other expenses and for meeting all its obligations and liabilities, including the full and timely payment of amounts due in respect of the Bonds.

Risks relating to price increases of energy and other commodities

The Group's, and in particular the Guarantor's, activities relating to production, treatment and distribution of water, both potable water and wastewater, use energy and commodities, including chemicals to varying degrees, and thus such activities are exposed to any fluctuations in their prices. This risk is increased further due to the fact that reverse osmosis desalinated water, which is substantially more energy intensive than groundwater abstraction, is being used at a higher ration in water blending to achieve the desired levels of water quality. The Guarantor has been and continues to be active in addressing and mitigating these risks by investing in new infrastructure and by upgrading its existing infrastructure to make it more energy efficient. The increase in prices of energy and commodities are however often due to political, economic or other factors over which the Group has no control, including the health crisis such as the recent Covid-19 pandemic which increased demand in various parts of the world and pushed up the prices on raw and secondary materials, as well as political conflicts such as the current Ukraine war which negatively affected the supply chain and the energy market. These factors and the consequent increase in energy prices can negatively affect the financial performance and earnings of the Group, which the Group may not necessarily be in a position to sensibly compensate for through an increase in prices of water which is a very sensitive political and social issue on a national level.

Risks arising from war and/or conflict

Wars and conflicts which may from time to time occur in various parts of the world, including the Russia – Ukraine armed conflict as at the date of this Registration Document, may present new risks or exacerbate certain risks to which the operations of the Group are subject, including shortage of and/or increase in prices and delay in importation and delivery of raw materials and supplies needed for the operations, apart from the negative effects these conflicts may have on the economy as a whole. This may have a negative impact on the Group's operations, earnings and outlook.

Risks relating to inflation

As at the date of this Registration Document, inflation remains at elevated levels when compared to the past decades. Inflation may negatively affect the future financial performance of the Group, particularly through the consequent increase in costs incurred by the Group and the cost of new opportunities, higher borrowing costs, and the overall decrease in purchasing power, which is not typically compensated by increases in prices charged by the Group for water, which prices are not usually increased locally as a result or in response to inflation.

Risks of rising interest rates

The Group also faces interest rate risk in the current rising-rate environment, particularly in view of its borrowings under bank credit facilities with variable interest rates, rendering the Group vulnerable to increases in interest rates payable to such banks.

Business and operational risks

Risks relating to security of water supply

Water, both groundwater and surface water, is the fundamental commodity around which the Group's, in particular the Guarantor's and the Issuer's, business and operations revolve.

Water is a natural resource, which cannot be guaranteed in terms of continuity of supply in the quantity and quality needed by the Group to carry out its activities. Apart from risks which may be accidentally caused by the Guarantor itself in the course of the production process, water and its supply is exposed to various external risks and factors which are beyond the control of the Group. These include:

- Climate change, with its proven impacts, including increased drought frequency and intensity, which is leading to a decrease in the availability of groundwater and surface water resources, also due to increased use;
- Increasing scarcity of water resources due to increased demand, also as a result of demographic and metropolitanisation pressures;
- The over-abstraction of groundwater, which could result in its unavailability due to the time needed for it to replenish or it can even lead to its deterioration to an extent to make it unusable particularly due to saltwater intrusion into the aquifer through the process of upconing which is caused or accelerated through such over-abstraction;
- The disposal, seeping or intrusion of chemical, oil or other substances and pollutants into the groundwater, through fraudulent or accidental causes, including through flooding and other natural events, leading to its contamination, thus making it unusable; and
- Reverse osmosis water desalination could technically totally replace, and thus address and solve the problem of shortage of supply of, groundwater, but apart from the fact that this is more energy-intensive and thus less sustainable and less cost-efficient, desalinated water could also be subject to external risks which endanger its security of supply, including oil spills or other contamination of the sea area where the sea water abstraction boreholes are situated, which make it unusable and stultify the operation of the reverse osmosis situated in the locality of the affected sea. Thus, is not exempted from risks supply.

Risks relating to quality of water

Risk related to water and product quality is a core focus for the Group and its ability to provide essential services that it has committed to deliver to its customers in compliance with required quality standards and specifications.

Exposure to this risk has grown considering some notable risk factors, including:

- Fraudulent or accidental pollution of the groundwater, or its over abstraction leading to higher level of chlorides therein and consequent inferior quality and taste or even non-usability;
- Fraudulent or accidental pollution of sea areas where reverse osmosis extraction boreholes are situated; and
- Factors affecting the distribution infrastructure, principally the mains and pipeline network, which reduce, even significantly, the quality of water at its point of destination in consumers' taps compared to its quality at the point of distribution in reservoirs, including mainly the length of the distribution pipes where the longer it is the higher the risk of the disinfectants used losing their effect, the age or poor condition of the pipelines particularly through rust or corrosion which compromise significantly the quality of water, contamination which could infiltrate through leakage points or which could be generated through deposits accumulated in the pipelines over the years.

Apart from the fact that in certain circumstances they may be unavoidable by the Group, the above-mentioned risks present more infrastructure replacement and maintenance as well as technological challenges for the Group to continue to meet water quality and service continuity standards. These involve substantial costs, and may have a material adverse effect on the Group's financial resources.

Environmental, industrial and health and safety risks

The operations of the Group carry risks to the surrounding environment (air, water, soil, habitat and biodiversity) and may pose risks to the health of consumers, local residents, employees, or even subcontractors. These health and environmental risks, which are governed by strict national, regional and international regulations, are regularly monitored by the Group's teams and by the public authorities. These changing regulations with regard to environmental responsibility and liabilities carry the risk of increasing the Group's vulnerability in relation to its activities.

As part of its activities, the Group must handle, or even generate, hazardous products or by-products, including chlorin and other chemicals used in water treatment as well as gas emissions, and the sludge and other waste produced in the course of wastewater treatment which could be toxic or infectious, and which could have an impact on and pollute the environment, including the water tables, sea, air and soil. Wastewater treatment plants discharge decontaminated water into the natural environment. For various reasons, these plants may temporarily fail to meet discharge standards in terms of organic, nitrogen, phosphorus or bacteriological load. Wastewater treatment can also cause odour problems or produce limited but dangerous quantities of toxic gas or micro-organisms.

Non-compliance with the relevant standards can lead to penalties or fines, administrative or civil proceedings or even criminal proceedings and other sanctions. This apart from the negative reputational impact which such environmental and health risks may present for the Group, especially when one considers that certain business activities of the Group, including water treatment and incineration involved in the process, by their nature already affect its reputation in relation to a number of sensitive societal issues, such as health, air quality, water quality, micropollutants, management of common goods and access to essential services.

Furthermore, in view of the particular nature of the operations and activities of the Group, the Guarantor and its Subsidiaries must comply and ensure compliance with, and can be exposed to claims relating to, health and safety at work, including employees or even sub-contractors or other interested parties and may also be exposed to claims for health hazards, injury or even death at the workplace, all of which could have a detrimental effect on their operations and profits.

Although the Group has employers' liability and group personal accident and civil liability insurance as well as environmental risk self-insurance, it may still be subject to claims and be held liable above the amount of its coverage or for items not covered by its insurance or self-insurance. The amounts provisioned or covered may be particularly insufficient if the Group incurs health and safety and environmental liability, given the difficulty and uncertainties involved in forecasting expenses and liabilities related to health, safety and the environment. Therefore, the Group's liability for environmental, industrial and health and safety risks could have a material negative impact on its public image, operations, financial position and earnings.

Non-revenue water risks

The Group, in particular the Guarantor, is continuously faced with and assiduously addressing the risks of non-revenue water, consisting mainly of real losses generated through leakages and overflows in the distribution infrastructure and apparent losses resulting essentially from theft of water, meter errors and other billing inefficiencies. These risks present not only financial challenges for the Group in view of the loss of revenue on water produced, but they also give rise to various social and reputational challenges, particularly in view of the loss of opportunity of using the relevant revenue which could have been generated in further investment in and improvement of the service infrastructure for the benefit of the Group and consumers, the creation of social injustice created through theft or other apparent losses by having some consumers using water free of charge whilst other consumers paying for it and also by depriving the latter of potentially benefitting from lower rates should there be no unbilled water, as well as the negative impact on public image and the great deal of public criticism that such non-revenue water incidences manage to generate and attract against the Group.

The Guarantor is investing substantially into various measures intended to reduce such non-revenue water, including through an intensive and continuous distribution network replacement, repair and maintenance initiative to address inter alia leakages as well as investment in technological tools and IT systems and infrastructure to help detect and signal real and apparent losses, but there is no guarantee that these will be effective to achieve their purpose up to the desired level, particularly in case of theft and similar apparent losses involving the usually unpredictable and often difficult to control criminal behaviour of certain consumers.

Risks relating to capital investment and technological advancements

Failure by the Group to properly maintain its capital assets or deliver required outputs might affect its profitability or even result in defaults on contractual commitments or regulatory obligations. The business operations of the Group, in particular the Guarantor, require significant capital expenditure for additions to, or replacement of, plant and equipment for its water treatment, production and supply and sewerage facilities and networks, for the purposes of retaining its service provision effective and efficient in terms of continuity of production and supply in accordance with demand, including increased demand, and also to keep abreast with technological advancements in the industry to give the expected level of service and innovation of accessibility to and use of the service to consumers, and thus remain also competitive. The Group cannot guarantee that it will act fast enough to adapt if needed in terms of market intelligence, technological innovation, competitive costs, performance and quality of service.

Moreover, if the Group is unable to maintain its capital assets or deliver required improvement at expected expenditure levels, or is unable to secure the required level of efficiency savings on its capital investment programme, or the programme fails behind schedule or contains erroneous assumptions or forecasts as to capital expenditure needed, the Group might need increased capital expenditure and its profitability might suffer as a result.

Risks relating to information systems and data protection

As a complex organization, there is a risk that the Group falls victim to increasingly sophisticated cyberattacks aimed at disrupting the Group's information assets by circumventing confidentiality, integrity or availability controls. Cyberattacks are getting larger and becoming more frequent, more sophisticated and potentially costly. These risks are a threat to the integrity of the Group's information systems, and thus to data security and can lead to acts of fraud or customer data breaches, loss of data or breach of confidentiality, loss of business, and disruption of business, apart from loss of system and operational control.

Apart from the growing risk of fraud, the risk of corporate and personal data breaches has grown as well, resulting in an additional risk of not complying with applicable data protection laws and regulations, which could lead to considerable financial penalties, as well as to civil lawsuits by data subjects. This remains a significant risk despite the Group's progress and precautionary measures in this area.

The implementation of new applications may require considerable development, with risks relating to development costs, quality and deadlines.

All of the above could negatively impact the Group's operations, financial position and earnings.

03 IDENTITY OF THE DIRECTORS, ADVISORS, AUDITORS AND ACCREDITED EXTERNAL REVIEWER

3.1 Directors of the Issuer and the Guarantor

Directors of the Issuer

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

Name and Identity Card number	Office Designation
Dr. Vince Micallef (407075M)	Chairman and non-executive Director
Mr. Karl Cilia (431390M)	Vice-Chairman and executive Director
Mr. Matthew Costa (562188M)	Executive Director
Ing. David Sacco (355365M)	Executive Director
Ms. Angela Azzopardi (567791M)	Independent non-executive Director
Mr. Luke Cann (160184M)	Independent non-executive Director
Ing. Abigail Cutajar (28688M)	Independent non-executive Director
Ms. Katrina Cuschieri (4499M)	Independent non-executive Director

Mr. Karl Cilia, Mr. Matthew Costa and Ing. David Sacco are executive Directors and occupy senior executive positions within the Group, namely CEO of the Guarantor, CFO of the Guarantor and Production & Treatment Chief Officer of the Guarantor, respectively. The other five Directors, Dr. Vince Micallef, Ms. Angela Azzopardi, Mr. Luke Cann, Ing. Abigail Cutajar and Ms. Katrina Cuschieri serve on the Board of the Issuer in a non-executive capacity. Ms. Angela Azzopardi, Mr. Luke Cann, Ing. Abigail Cutajar and Ms. Katrina Cuschieri are considered as independent Directors since they are free of any significant 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. In assessing the said directors' independence due notice has been taken of Rule 5.119 of the Capital Markets Rules.

The business address of the Directors is at the registered office of the Issuer.

Reference is made to Section 9 titled "Administrative, Management and Supervisory Bodies" for a short *curriculum vitae* of the Directors, description of principal activities, if any, performed by them outside the Issuer, their potential conflicts of interest and other information relevant to such Directors.

Directors of the Guarantor

As at the date of this Registration Document, the board of directors of the Guarantor is constituted by the following non-executive directors:

Name and Identity Card number	Office Designation
Mr. Joseph Vella (561392M)	Chairman
Mr. Louis Gatt (125665M)	Deputy Chairman
Dr. Vince Micallef (407075M)	Member
Ing. Raymond Azzopardi (774556M)	Member
Mr. Ethelbert Schembri (35577M)	Member
Ms. Silvana Mifsud (14677G)	Member
Ms. Marion Parnis (189875M)	Member
Ms. Mirana Agius Silvio (112179M)	Member
Dr. Juanita Agius Galea (612782M)	Member

The business address of the directors of the Guarantor is at the Head Office of the Guarantor, namely Water Services Corporation, Triq Hal Qormi, Luqa LQA 9043, Malta.

3.2 Company Secretaries of the Issuer and the Guarantor

Dr. Amanda Vella, whose business address is at the registered office of the Issuer, holder of Identity Card number 296086M, is the company secretary of the Issuer.

Dr. Andrew Sciberras, whose business address is at the Head Office of the Guarantor, holder of Identity Card number 244687M, is the secretary of the Guarantor.

3.3 Responsibility and Authorisation Statement

The Directors of the Issuer are the persons responsible for the information contained in this Registration 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 Registration Document is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

This Registration Document has been approved by the Malta Financial Services Authority as the competent authority in Malta for the purposes of the Prospectus Regulation. The Malta Financial Services Authority has only approved this Registration Document as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and such approval should not be considered as an endorsement of the Issuer.

3.4 Advisors

The persons listed hereunder have advised and assisted the Directors in the drafting and compilation of the Prospectus.

Sponsor, Manager & Registrar

Name: Calamatta Cuschieri Investment Services Limited

Address: Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034, Malta

Company Registration number: C 13729

Financial Advisors

Name: Grant Thornton (Malta)

Address: Fort Business Centre, Level 2, Triq L-Intornjatur, Zone 1, Central Business District, Birkirkara CBD 1050, Malta

Legal Counsel

Name: Saliba Stafrace Legal

Address: 9/4, Britannia House, Old Bakery Street, Valletta VLT 1450, Malta

3.5 Auditors of the Issuer and the Guarantor

As at the date of the Prospectus, the statutory auditors of the Issuer are:

Name: GCS Assurance Malta Limited

Address: 115A, Floor 4, Msida Valley Road, Birkirkara BKR 9024, Malta

The annual statutory financial statements of the Issuer for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 have been audited by the said GCS Assurance Malta Limited.

GCS Assurance Malta Limited is a firm of certified public accountants holding a warrant to practice the profession of accountant in terms of the Accountancy Profession Act (Cap. 281 of the Laws of Malta). The Accountancy Board registration number of GCS Assurance Malta Limited is AB/2/17/14.

As at the date of the Prospectus, the statutory auditors of the Guarantor are also GCS Assurance Malta Limited.

The annual statutory financial statements of the Guarantor for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 have been audited by the said GCS Assurance Malta Limited.

3.6 Accredited External Reviewer

Name: Grant Thornton Limited

Registered Office: Fort Business Centre, Level 2, Triq L-Intornjatur, Zone 1, Central Business District, Birkirkara CBD 1050, Malta

Company Registration number: C 80426

04 INFORMATION ABOUT THE ISSUER AND THE GROUP

4.1 Information about the issuer

Full legal and commercial name of the Issuer:	ClearFlowPlus p.l.c.
Registered address:	Water Services Corporation, Triq Hal Qormi, Luqa LQA 9043, Malta
Place of registration and domicile:	Malta
Registration number:	C 38895
Legal Entity Identifier ('LEI'):	9845001FE9M574159235
Date of registration:	9 June 2006
Legal Form:	A public limited liability company duly registered in terms of the Act
Telephone number:	+356 80076400
Email:	info@clearflowplus.com.mt
Website:	https://www.clearflowplus.com *

* The information on the Issuer's website does not form part of the Prospectus unless that information is incorporated by reference into the Prospectus.

4.2 Information about the Guarantor

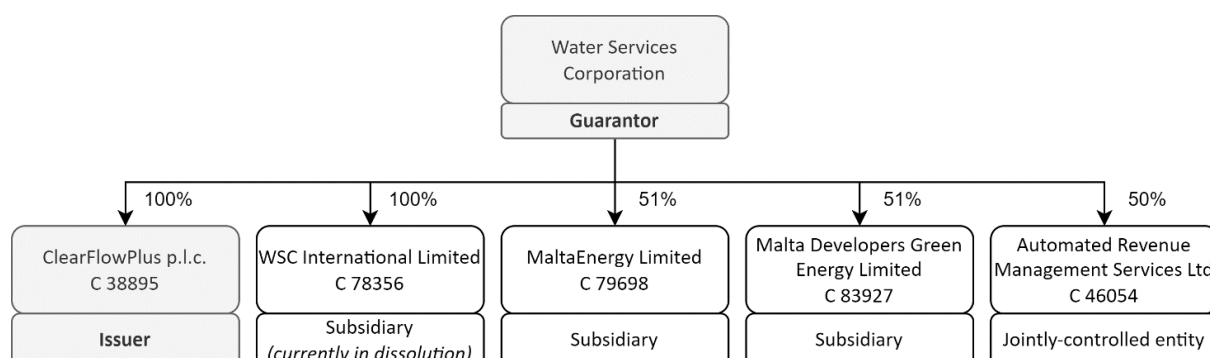
Full legal and commercial name of the Guarantor:	Water Services Corporation
Head office:	Water Services Corporation, Triq Hal Qormi, Luqa LQA 9043, Malta
Place of establishment and domicile:	Malta
Registration number:	Not applicable
Legal Entity Identifier ('LEI'):	98450039A59A6DB9S607
Date of establishment:	20 January 1992, being the date of entry into force of Act No. XXIII of 1991, which established the Water Services Corporation
Legal Form:	A corporation established in Malta by statute and namely by virtue of the Water Services Act (Cap. 355 of the Laws of Malta)
Telephone number:	+356 80076400
Email:	info@clearflowplus.com.mt
Website:	www.wsc.com.mt*

* The information on the Guarantor's website does not form part of the Prospectus unless that information is incorporated by reference into the Prospectus

4.3 Organisational Structure of the Group

The Issuer was incorporated in 2006 under the name of Desalination Services Marketing Ltd. and changed its name to ClearFlowPlus Limited in 2018. The Issuer was initially incorporated as a private limited liability company and has recently been converted into a public limited liability company in 2023 in anticipation of the Bond Issue. The Issuer is, except for one (1) share which is held by Malta Government Investments Limited (C 10175), a fully-owned subsidiary of the Guarantor, which latter entity is the parent undertaking of the Group.

The organisational structure of the Group, as at the date of this Registration Document, is illustrated in the diagram hereunder:



The Group currently consists of the following entities:

- The Guarantor, being the parent undertaking, which was established by Act of Parliament XXIII of 1991 to take over from the former Water Works Department, and has its constitution, composition, activities, functions, and responsibilities set out in the said Act. The Guarantor is responsible for and can manage potable water and wastewater services in the Maltese islands and its principal activities are to acquire, produce, distribute and sell water for domestic, industrial and commercial use, to treat and dispose or re-use wastewater and also to further reduce the energy costs related to the production of water using renewable energy sources;
- The Issuer, apart from acting as issuer of the Bonds with a view to finance certain operations of the Group and mainly those of the Guarantor as provided in Section 4.2 of the Securities Note, is also currently involved in the principal activities of consultancy services and supplies in connection with reverse osmosis plants, related after sales services, desalination, sewage treatment facilities, laboratory analysis, information technology services and sale of parts;
- MaltaEnergy Limited, a private limited liability company, incorporated under the laws of Malta on 4 May 2017 with registration number C 79698 and with its registered office situated at 43/45, Triq il-Kapuccini, Floriana FRN 1052, Malta, which is owned as to 51% (595 ordinary shares) by the Guarantor and as to the remaining 49% (570 ordinary shares) by General Retailers and Traders Union, and the principal activities of which consist of the active participation in the photovoltaic industry in Malta and to develop and construct a photovoltaic plant in Malta and to market and provide photovoltaic technology consultancy services and related activities;
- Malta Developers Green Energy Ltd, a private limited liability company, incorporated under the laws of Malta on 21 March 2018 with registration number C 83927 and with its registered office situated at Malta Developers Association, Triq L-Orsolini, Gwardamangia, Pieta' PTA 1227, Malta, which is owned as to 51% (595 ordinary shares) by the Guarantor and as to the remaining 49% (570 ordinary shares) by Malta Developers Association, and the principal activities of which consist of the active participation in the photovoltaic industry in Malta and to develop and construct a photovoltaic plant in Malta and to market and provide photovoltaic technology consultancy services and related activities;
- WSC International Limited, a private limited liability company, incorporated under the laws of Malta on 9 December 2016 with registration number C 78356 and with its registered office situated at Water Services Corporation, Triq Hal Qormi, Luqa LQA 9043, Malta, which is fully owned by the Guarantor except for one (1) share which is owned by the Issuer, and which company is currently in dissolution.

The Guarantor also owns 50% of the share capital (125,000 ordinary shares) of, and jointly controls together with the other 50% shareholder Enemalta p.l.c., the private limited liability company by the name of Automated Revenue Management Services Ltd, the principal activities of which consist of the automation of the management of the revenue of and processing and collection of bills of each of the two equal shareholders, namely Enemalta p.l.c. (involved mainly in the purchase, production, distribution and sale of electricity and other forms of energy) and the Guarantor.

Dependence of Issuer on the Group

As previously stated, the Issuer's operational activities essentially consist of consultancy services and supplies, laboratory analysis and information technology services in connection with water production, filtration and/or treatment and/or sewage treatment products or facilities. No bank loans are in place in respect of such main operations of the Issuer and financing of such operational activities is completely dependent on own funds.

With respect to its payment obligations under the Bonds, the Issuer is principally dependent, including for the purpose of servicing interest payments on the Bonds and the repayment of the Redemption Value on redemption, on the receipt of interest payments and loan repayment from the Guarantor to which the proceeds of the Bond Issue will be entirely advanced by way of loan under the Issuer-Guarantor Loan to finance certain projects and activities of the Guarantor as described in Section 4.2 of the Securities Note. In this respect, therefore, the Issuer is dependent on the business prospects and operating results of the Guarantor.

05 BUSINESS OVERVIEW OF THE ISSUER AND THE GROUP

5.1 Principal Activities of the Issuer

The Issuer, a Subsidiary of Water Services Corporation, has as its main objects:

- (i) the provision of technical consultancy services inter alia with the distribution of water for domestic, commercial, industrial and other purposes, the conservation and exploitation of water resources and sources of water supply, the treatment of wastewater and the creation of novel ways of exploiting water resources in general; and
- (ii) the provision of consultancy services and supplies in connection with reverse osmosis plants, wastewater treatment facilities, laboratory analysis, information technology and property management.

The Issuer is currently a revenue-generating company that prioritizes sustainability and promotes eco-friendly activities. One of its main focuses is the provision of water through industrial reverse osmosis systems for the hospitality sector. In addition, the Issuer also provides private and public water dispensers to make clean, safe drinking water more accessible to the general public. By offering these products, the Issuer aims to reduce the number of plastic water bottles that end up in landfills or otherwise in the environment, and promote healthier lifestyles by encouraging individuals to drink more water.

In addition to focusing on sustainable products and responsible business practices, the Issuer also aims to commercialize the knowledge-based and operational expertise of its parent undertaking, Water Services Corporation. With years of experience in the water industry, Water Services Corporation has developed a wealth of knowledge and technologies related to water treatment, conservation, and management. By commercializing this knowledge, the Issuer aims to generate revenue and advance the industry as a whole and contribute to solving the world's water-related challenges. Furthermore, through partnerships with other companies and organizations, the Issuer aims to leverage its expertise to impact the environment and society while growing its business positively.

During 2022, the Issuer continued to commercialise Water Services Corporation's laboratory, waste management, and IT services while strengthening its water dispensing business function. In addition, it also continued to maintain and install reverse osmosis plants in various hotels around Malta

As part of its sustainability initiatives during 2022, an additional 40 multi-point water dispensing units were installed in schools as part of the WAW (We Are Water) campaign. Following these installations, most public schools in Malta and Gozo are now provided with potable water of higher quality. Also, this increase in coverage has led to a saving of an estimated 3.8 million plastic bottles from the environment by end 2022. Furthermore, during 2022, an industrial reverse osmosis was commissioned, and another was completed for commissioning early in 2023. In addition, a second reverse osmosis is planned to be commissioned later on in 2023. Apart from the enhanced sustainability efforts, this increased activity has also led to an increase in revenue of the Issuer and an increase in gross profit arising from these services compared to 2021.

Following the issue of the Issuer Green Bonds, it is the intention that the Issuer's activities will be restricted to that of a finance company, and therefore, the existing operations of the Issuer are envisaged to be transferred to another Subsidiary of the Guarantor, probably a company yet to be incorporated.

Use of resources of the Guarantor by the Issuer

In the provision of its services and carrying out of its operations, the Issuer relies substantially on the resources of and available to the Guarantor, including its business contacts for sourcing of engagements for services and supplies, its service provision infrastructure including office facilities and equipment and also the partial benefit of the insurance policies taken out by the Guarantor, as well as on the know-how and expertise developed by the Guarantor and its

employees, some of whom render their services and various hours of work to carry out the Issuer’s operations and its contracts with clients.

The Guarantor’s costs for making such human and other resources available to the Issuer are covered by:

- (i) an agreed fixed management fee charged by the Guarantor to the Issuer, which is reviewed every 3 years with the next revision due in 2023, which includes a pre-agreed fixed portion of the salary payable to employees of the Guarantor involved in the carrying out of the Issuer’s business, overhead costs which include agreed costs for the use of vehicles, general expenses, communications and office equipment as well as an agreed portion of insurance costs; and
- (ii) a variable fee covering a variable cost, through recharge, for each service provided by the Issuer but outsourced to or otherwise provided through the Guarantor.

5.2 Principal Activities of the Guarantor

The Guarantor was founded on 20 January 1992 by Act of Parliament No. XXIII of 1991, to take over the responsibilities of the former Water Works Department. This strategic move meant that rather than remaining the responsibility of a government department, water has now become the responsibility of a dedicated Corporation established by statute with a certain level of autonomy and increased accountability.

As at the date hereof, the Guarantor holds a licence to (i) supply water through the public water distribution network and (ii) provide sewerage services using the public sewage collection system, issued by the Regulator for Energy and Water Services under the Regulator for Energy and Water Services Act (Cap. 545 of the Laws of Malta) and the Water Supply and Sewerage Services Regulations (S.L. 545.14). Such licence is renewed and paid annually to the Regulator.

The Guarantor employs around 1,100 persons and is responsible for and can manage potable water and wastewater services in the Maltese islands and its principal activities are:

- (a) Water production and distribution - to acquire, produce, distribute and sell water for domestic, industrial and commercial use;
- (b) Wastewater collection and treatment - to treat and dispose or re-use wastewater;
- (c) Renewable energy generation - to further reduce the energy costs related to its operations using renewable energy sources.

The Guarantor has several water pumping stations, wastewater treatment plants, reverse osmosis plants, PV panel farms and corporate premises around the Maltese islands, as shown in the diagram below.



In carrying out these principal activities, the Guarantor seeks to pursue its strategic operational objectives, namely:

- To increase drinking water availability and production and wastewater treatment capabilities and infrastructure in line with the development of the country, and achieving this by lowering the costs per unit produced and treated;
- To improve water quality through various projects and moving the water blending mechanism towards an automated process, thereby reducing the purchase and use of plastic water bottles by water consumers and thus reducing the resultant waste in the environment;
- To continue to invest in human resources, research, systems, processes and quality mechanisms to continue being the best-in-class in water production and wastewater treatment;
- To strengthen the three pillars across all its activities and operations: effectiveness, efficiency and quality; and
- To be customer-centric and proactive in its communication with clients.

A. Water production and distribution

Drinking water for the Maltese islands comes from two sources: extraction of groundwater and the production from seawater reverse osmosis plants.

The Guarantor produces around 35 million cubic metres of potable water every year. Approximately 22.9 million cubic metres per year are produced at the three reverse osmosis plants of Pembroke, Cirkewwa and Ghar Lapsi and now also the most recent one at Hondoq ir-Rummien, Gozo, whereas around 12.7 million cubic metres per year are produced from underground sources, mainly the underground galleries at Ta' Kandja and Ta' Bakkja, 97 meters below ground and which radiate like the spokes of a wheel from a central hub for thousands of metres, apart from 12 other pumping stations, as well as approximately 135 boreholes, from where water is extracted.

Ultimately, the water generated by the reverse osmosis plants is blended with the extracted groundwater and stored in the 24 reservoirs found around Malta, Gozo and Comino. The total capacity of these reservoirs is 400,000 cubic metres. Water is then distributed around Malta and Gozo along a network of over 2,200 kilometres of pipes throughout the islands.

The Guarantor is actively seeking to continue to secure the availability of water in the context of increasing demand and to improve the quality of water sustainably distributed to users, mainly by increasing the efficiency, and capacity of the reverse osmosis plants, securing a sustainable spatial abstraction of groundwater, optimising disinfection techniques and improving the drinking water blend.

Reverse Osmosis Plants

The production of desalinated water involves abstracting sea water from the shoreline. The seawater feed is then processed through membranes at very high pressure to convert it into pure, high-quality drinking water in the Guarantor's reverse osmosis plants and stored in reservoirs for blending before distribution.

Its key role at the forefront of seawater desalination in Malta has rendered the Guarantor a most experienced operator of large-scale reverse osmosis plants producing drinking water. It also endowed its engineers and technicians with vast experience and high skills in the sector.

As at the date of this Prospectus the Guarantor owns and operates 4 main large-scale reverse osmosis plants in the Maltese islands, namely:

- The plant in Ghar Lapsi, inaugurated in 1982 with a daily production capacity of approximately 24,800 cubic metres;
- The plant in Pembroke, inaugurated in 1983 with a daily production capacity of approximately 50,000 cubic metres;
- The plant in Cirkewwa, inaugurated in 1988 with a daily production capacity of approximately 11,400 cubic metres;
- The most recent plant in Hondoq ir-Rummien, Gozo, was inaugurated in 2022, with a daily production capacity of approximately 9,000 cubic metres.

No chemicals are used during the seawater extraction process. Chlorine disinfection of the product is carried out on the water distribution network and reservoirs to avoid damage to sea water organisms and marine life which may otherwise result from the chemicals diffused in the sea. Feed water contamination is contained by abstracting seawater from shoreline boreholes so that the feed water goes through a first process of natural filtration. This approach eliminates the need for pre-disinfection used by the Guarantor as part of its overall sustainability strategy.

The seawater desalination process produces the best quality drinking water, exceeding that of extracted groundwater which is typically characterized by high chloride content. Yet, this process is more energy-intensive than groundwater extraction, where extracted groundwater typically uses 0.7 – 0.8 kWh of energy per cubic metre of water whereas the reverse osmosis desalination process typically uses around 4.5 kWh per cubic meter of water produced. In its quest for sustainability, the Guarantor is accordingly adopting and devising ways how to mitigate the overall energy consumption of the potable water blend without compromising the safety and quality of drinking water. These include:

- (i) A balanced blending of desalinated water with extracted groundwater which is cheaper and more sustainable to produce but which is lower in quality;
- (ii) In 2021, the Guarantor upgraded its reverse osmosis plants in Ghar Lapsi, Pembroke and Cirkewwa, by improving the pumps and equipment thereat, to increase efficiency, capacity and product quality. As a result, the specific energy per cubic meter of desalinated water produced was reduced by 8.1% over the pre-upgrading levels in 2020. These gains were, however, offset by an increase in the production of desalinated water stemming from a change in the water blending ratio. The revised blend was implemented to improve drinking water quality, thereby incentivizing a higher usage of tap water over bottled water;
- (iii) The recently commissioned plant in Hondoq ir-Rummien was designed with even higher energy efficiency performance with *circa* 3.6 kWh per cubic meter of water produced; and
- (iv) The reverse osmosis plants are designed to convert approximately 40% of the seawater extracted into desalinated water and dispose of the remaining 60% brine concentrate. The brine reject retains a high-pressure energy content after leaving the membranes, which is then recovered before disposal through energy recovery devices called pressure exchangers. The recovered energy is then used at source to feed into the energy needed in the whole process, rendering the entire process more energy efficient.

The brine reject contains no chemicals. Furthermore, the Guarantor conducts periodic tests and studies to ensure that the plants' reject, characterised by a higher salt concentration, does not damage the marine environment.

Hondoq ir-Rummien Reverse Osmosis Plant

The reverse osmosis plant in Hondoq ir-Rummien, Gozo, was commissioned in 2021 and is fully operational. It has been designed to be even more efficient than the plants preceding it. New positive displacement pump technology with a 90% efficiency was incorporated into its design as opposed to the older plants' centrifugal high-pressure pumps with a 78% efficiency.

Apart from the increased efficiency, the Hondoq ir-Rummien plant also offers a substantially increased water supply reliability, particularly for the island of Gozo. Before the said plant became operational, Gozo relied for its water supply on extracted groundwater and desalinated water produced at the Ċirkewwa RO plant channeled to Gozo through a submarine pipeline connecting the two islands. This setup was susceptible to water shortages and low reliability because of the overall risk of submarine pipeline damage during inclement weather. The new reverse osmosis plant in Hondoq ir-Rummien rendered Gozo self-sufficient in terms of the supply of desalinated water required for local blending purposes.

Part of the proceeds of the Bond Issue will be used to refinance part of the costs incurred in connection with the development and commissioning of the Hondoq ir-Rummien reverse osmosis plant, as explained in more detail in Section 4.2 of the Securities Note.

Groundwater abstraction

Groundwater is water found underground which has, over several years, percolated through the rock to the water table/ aquifer, from where it can be extracted. Extracted groundwater constitutes a significant source of water, the most essential commodity for the Guarantor's main operations and services, particularly the production and sale of water. The Guarantor is only a user, one of the many users, and a main one, of groundwater. The latter is a national resource, the abstraction and use of which is regulated and controlled by the Malta Resource Authority and other relevant authorities.

As at the date of this Registration Document, the Guarantor's primary groundwater sources are the underground galleries at Ta' Kandja and Ta' Bakkja, apart from 12 additional pumping stations and *circa* 135 boreholes across the Maltese islands.

Whilst the current state of Malta's groundwater does not make it ideal for drinking on its own, particularly in view of its high chloride levels, it is nonetheless a valuable and efficient water resource that will produce good quality safe drinking water when appropriately blended with desalinated water. Groundwater abstraction is substantially less energy intensive than reverse osmosis water production. Furthermore, failing its extraction, it will be naturally lost to sea at the coastline when under-utilised. Sustainable groundwater abstraction is key to preserving and protecting this natural resource, allowing its natural replenishment and safeguarding its quality. Over abstraction leads to higher chloride levels through the effect of upconing of seawater into the water table. To this end, the Guarantor is embarking on a project to achieve a more sustainable spatially-dispersed abstraction.

Blending

As mentioned earlier, the high quality purified desalinated water produced from reverse osmosis plants is blended with extracted groundwater and stored in various reservoirs throughout the Maltese islands before it is distributed to the end users. The Guarantor is constantly seeking ways to improve the blend to achieve the most optimal balance between efficiency and sustainability of production and quality of the final product, with lower chloride and chlorine levels and a better taste.

The blending ratio until 2021 was 60% reverse osmosis water and approximately 40% extracted groundwater. In 2022 this blending ratio was adjusted to 65% - 35%.

Furthermore, the Guarantor is also targeting the better harmonisation of water quality across the Maltese islands, thereby bridging the gaps between those zones which receive superior quality reverse osmosis water and those which are mainly fed abstracted groundwater. In fact, as at the date hereof, approximately one-fourth of the reverse osmosis water is distributed to people directly without going to the Ta' Qali main reservoirs. The plan is to have all desalinated water production contribute to the drinking water blend before distribution. This will lead to a more harmonised quality throughout Malta, thereby securing good quality water for all users. This harmonisation exercise

is envisaged to reduce the multitude of quality zones to five by the end of 2023 and down to just three in the future, reflecting the three main reservoirs where all the blending will be concentrated, principally the Ta' Qali reservoirs, which will cover over 70% of Malta's supply, as well as those in Qrendi and Ta' Ċenċ, Gozo.

At the core of the water quality harmonisation programme lies a 10 km underground tunnel linking the Pembroke reverse osmosis plant to the Ta' Qali reservoirs. This project, which is expected to be operational by 2024, is intended to have far-reaching beneficial effects on potable water quality, while significantly reducing energy costs and distribution network silting and corrosion. In fact, as at the date of this Registration Document, large volumes of pure reverse osmosis water are being pumped uphill, through a buried trunk main, from the reverse osmosis plant to the Naxxar area, from where it runs downhill to the Ta' Qali reservoirs. With the new tunnel, which runs flatter underneath hilly topography, water will not have to be pumped so far uphill, avoiding 25 metres of static head. Energy will also be saved due to reduced frictional losses associated with larger diameter pipes and more efficient pumps. This direct linking of the Pembroke reverse osmosis plant with Ta' Qali reservoirs through this tunnel will substantially reduce the need for dosing with lime at the Pembroke reverse osmosis plant and the aggressive reverse osmosis water will be neutralised more efficiently, by the naturally occurring water hardness in the groundwater pumped to the Ta' Qali reservoirs. Apart from the cited energy savings, lime dosing costs and network corrosion and silting related costs will be restrained. This tunnel is yet another project forming part of the Guarantor's 'Net Zero Impact Utility' project.

The improvement of water quality throughout the Maltese islands is expected to reduce bottled water consumption and the associated environmental risks.

Furthermore, the project of supplying all water users in Malta through blended water in reservoirs, rather than directly from reverse osmosis plants as is currently the case in certain areas, will result in greater security and continuity of supply, as users receiving direct supply from reverse osmosis plants cannot be guaranteed continuous supply during extended power outage.

Finally, harmonising water quality throughout Malta will address the present water quality disparity between the various quality zones and within which users are obliged to pay the same water tariff.

Water distribution network

The continuous supply of good quality and safe drinking water can only be effectively secured through a sound water distribution network and infrastructure.

One of the main ongoing activities and challenges of the Guarantor is, thus, the maintenance, renewal and upgrading of the water distribution network and infrastructure. Through these interventions, water leakage is kept in check, water quality is channelled from the source to the end user with minimal deterioration in quality, and the continuity of supply is ensured.

The Guarantor invested heavily in water leakage management and resulting abatement over the past two decades, namely:

- through investment in high-quality leakage detection equipment together with professionally trained technicians and detectors, including technological equipment and IT infrastructure comprising an ESRI (Environmental Systems Research Institute) technology for GIS (Geographic Information Systems), automated meter management ("smart metering") on a national scale coupled with technological data analysis tools which help to pinpoint water leakages;
- by adopting an extensive pressure-management programme and installation of automatic pressure control valves in various water zones to supply water when needed, whilst regulating the flow during night and off-peak periods, to maintain a steady pressure and avoid unnecessary pressure fluctuations which tend to lead to pipe bursts;

- by adopting a restructuring process where the problematic network was assigned to different specialised teams charged with managing the leakage problems; and
- through a continuous process of replacement and repair of damaged network mains, pipes and supporting infrastructure.

This initiative of reducing water wastage through intensive leakage reduction and network control has yielded very positive results, with water leakage going down from approximately 1,837 cubic metres per hour in 1998 to *circa* 385 cubic metres per hour in 2021, with the corresponding Infrastructural Leakage Index (ILI) slashed from 10.15 in 1998 to 1.82 in 2022. Furthermore, addressing the leakage problem has also secured increased protection of potable water quality within the distribution against contamination which may otherwise result in pipework damage.

Apart from ensuring a more sustainable use and protection of water and its quality through the avoidance of leakages, this intensive network control activity also assists the Guarantor to prioritise network repairs and replacements, namely by identifying trunk mains, reticulation pipework and service connections which are worn out through ageing and corrosion. This approach minimises the quality variance between source (reservoirs) and final destination (end user) and reduces the energy expended in pumping water through the distribution network.

Part of the proceeds of the Bond Issue will be used to finance part of the replacement and renovation costs of identified network infrastructure, explained in more detail in Section 4.2 of the Securities Note.

Securing billing efficiency

A material problem and challenge faced by every water producer, not least the Guarantor, is that relating to non-revenue water. Non-revenue water is made up of two components, namely (i) real losses, essentially leakages and overflows in the distribution infrastructure, and (ii) apparent losses, namely, theft water, meter errors and other billing inefficiencies.

The Guarantor is continuously addressing the problem of non-revenue water. Apart from the financial challenges this problem presents, the Guarantor also feels the need to address this matter assiduously for sustainability reasons, including (ii) the need to protect water and its continued long-term availability and sustainable use and the need to improve water management and efficiencies, all of which are undermined through both real and apparent losses, (iii) that lost revenue may otherwise be used to invest further, in sustainability-driven projects and/or otherwise to secure availability of water at lower prices to consumers thus ensuring a more sustainable and wider availability and affordability of water to satisfy water demand at a national level, (iii) to avoid the social injustice and imbalance created by apparent losses, whereby some consumers are paying for water consumed and unbilled by other end users, and (iv) the need to ensure users are accountable for water usage and to nourish a healthy nation-wide consciousness and mentality that water has an intrinsic environmental, social and financial value, that cannot be capriciously wasted without material consequences.

To this end, as already noted above, the Guarantor has over the years invested and intends to persist in investing in tools, equipment and measures, to reduce infrastructural leakage (real loss) and apparent losses. Amongst these, we have mentioned the installation of an automated meter management system ("smart meters") on a national scale coupled with technological data analysis tools, principally through the development and use of algorithmic software, which could detect and signal actual or probable water leakages as well as water theft, unregistered use of water, meter errors or other abnormalities pointing towards actual or probable apparent losses.

The investment in such technological tools and IT infrastructure, coupled with other initiatives such as the adoption of the pressure-management program and the process of replacing and repairing damaged network mains, pipes and infrastructure as necessary, have enabled the Guarantor to reduce the non-revenue water levels (as a percentage of total water production) from 43.3% in 2017 to 31.5% in 2022.

The Guarantor is targeting to further reduce the non-revenue water levels in the years ahead and for this purpose, amongst other initiatives, it is investing in further developing its Enterprise Resource Planning (ERP) – SAP system and the algorithmic software using this platform. Accordingly, it is in the process of purchasing and commissioning an upgrade thereto, to further reduce non-revenue water and improve billing efficiency.

Part of the proceeds of the Bond Issue will be used to finance the estimated costs in connection with the purchase and commissioning of this ERP – SAP system upgrade, as explained in more detail in Section 4.2 of the Securities Note.

B. Wastewater collection and treatment

By 2011, the Guarantor commissioned all three wastewater treatment plants to end the discharge of raw sewage into the sea, with a resultant significant marine environment improvement and bathing water quality results attesting to the same. The Guarantor went a step further, polishing the treated effluent otherwise destined for marine discharge, reuse. Polishing is carried out through a sophisticated multi-barrier treatment process with the so called 'New Water' as its output. This high-quality non-potable water is distributed throughout the Maltese islands, particularly to farmers for agricultural use, and selected industrial sectors, for landscaping purposes and other applications in lieu of groundwater. This potential valuable resource, is now contributing to environmental sustainability by moving towards a circular economy.

New Water treatment plants were installed within the existing sewage treatment plants in Gozo, Mellieha and Ta' Barkat, coupled with an extensive programme to install a dedicated distribution infrastructure.

As at the date of this Registration Document, the Guarantor owns and operates 4 wastewater treatment plants, namely:

- The plant in Gozo, inaugurated in 2008, with a treatment capacity of 6,000 cubic metres of sewage daily;
- The plant in Mellieha, inaugurated in 2009, with a treatment capacity of 9,000 cubic metres of sewage daily;
- The plant at Ta' Barkat, inaugurated in 2011, with a treatment capacity of 60,000 cubic metres of sewage daily; and
- The plant at Sant' Antnin, planned for commissioning in 2023, will have a treatment capacity of 17,000 cubic metres of sewage daily.

The New Water infrastructure comprises some 8 New Water reservoirs from where the New Water is distributed through the dedicated pipeline network to end users, namely Għar Ilma, Habel I-Abjad, Tommna, Tas-Silġ, San Anard, Xgħajra, Bidni and Bulebel.

From 2020 onwards, the Guarantor saw a significant expansion of the New Water Network and use in Malta and Gozo. In 2022, New Water customers were 1,330, with a total cultivated area of 1049 hectares in Malta and 657 hectares in Gozo. In 2022, the Guarantor produced and distributed 1.6 million cubic metres of New Water, with the output gradually but steadily increasing.

New Water production and use offers various advantages, including (i) it moves towards a circular economy, (ii) it helps reduce over-abstraction of groundwater, thus contributing to its recovery from a quantitative and qualitative standpoint, (iii) farmers who have used it have reported better quality crops and higher yields, (iv) its production and availability is independent of seasonal drought and weather variability and able to meet irrigation water demand peaks.

The Guarantor's wastewater treatment plants use proven processes and technology, at the heart of which is the

aeration system. Aeration supports the activated sludge biological treatment process and comprises a series of blowers delivering air through manifolds and submerged diffusers.

Furthermore, adequate aeration is required to maximise the dryness fraction of sewage sludge before disposal to landfill. In this regard, the Guarantor has also embarked on developing an ambitious sewage sludge management plan intended to eventually dry and possibly incinerate the sludge instead of disposing the same to the landfill. In the wastewater and sludge treatment process, biogas is produced through an anaerobic digestion process to generate renewable heat and electrical energy with a lower treatment energy footprint.

As at the date of this Registration Document, the air blowers installed at Ta' Barkat wastewater treatment plant are ageing and, by today's standards inefficient. The Guarantor will therefore be upgrading the aeration system with high energy efficiency turbo-compressors.

Part of the Bond Issue proceeds will be used to finance the estimated costs involved in upgrading the air blowers and aeration system at the Ta' Barkat wastewater treatment plant, as explained in more detail in Section 4.2 of the Securities Note.

C. Renewable energy generation

A major environmental challenge and expense faced by the Guarantor in producing and distributing water is the energy consumed in the process. The production and distribution of around 35 million cubic metres of potable water in 2022 consumed 127 GWh of energy, whilst the production of 1.6 million cubic metres of New Water consumed 4.26 GWh. The production and distribution of 1 cubic metre of potable water requires *circa* 3.6 kWh of energy, whilst 1 cubic metre of New Water consumes 2.67 kWh. These figures take into account the investments the Guarantor already made in new or upgraded plants and network infrastructure to bolster energy efficiency.

The Guarantor is therefore continuously seeking to identify and pursue environmental sustainability in this sense and to decrease the carbon footprint through investment in energy efficient uses, and at the same time to reduce the energy bill.

One such notable initiative is the generation of renewable energy through photovoltaic technology.

As at the date of this Registration Document, the Guarantor is involved in 4 main solar farms installed on roofs of its reservoirs as follows:

- Fiddien reservoir: this was the Guarantor's first photovoltaic farm in Malta, installed in 2018, with a power rating of 1MWp, generating 1.6 kWh/year. The solar panels are installed on property owned by the Guarantor, and the solar farm is operated by the Guarantor;
- Qrendi reservoir and Ta' Cenc reservoir: in 2021, the Guarantor launched photovoltaic farms at Qrendi reservoir with a capacity of 658 kWp and at the reservoir in Ta' Cenc, Gozo, with a total of 1,287 kWp. These reservoirs are owned by the Guarantor but are leased to its subsidiary, MaltaEnergy Limited, a company set up as a joint venture vehicle between the Guarantor and the General Retailers and Traders Union, and the photovoltaic farms are operated by such subsidiary. Under the arrangement agreed between the Guarantor and MaltaEnergy Limited, the feed-in tariff of 14c/kWh granted by the Government of Malta is shared between them, and namely, 7c3 goes to the Guarantor and the remaining 6c7 goes to the subsidiary; and
- Ta' Qali reservoir: This is the most recent PV plant, installed in 2022, with a power rating of 1MWp, generating 1.6 kWh/year. The solar panels are installed on the property of the Guarantor but are leased to its subsidiary, Malta Developers Green Energy Ltd, a company set up as a joint venture vehicle between the Guarantor and the Malta Developers Association, and the photovoltaic farm therein is operated by such subsidiary. Under the arrangement agreed between the Guarantor and Malta Developers Green Energy Ltd, the feed-in tariff of 14c/kWh granted by the Government of Malta is shared between them, and namely, 7c3 goes to the Guarantor and the remaining 6c7 goes to Malta Developers Green Energy Ltd.

In each case, the PV plant itself is not owned by the Guarantor or the relevant subsidiary operating the same (where applicable). Still, it is supplied under a supply-operate arrangement with the relevant supplier, including a maintenance contract with the same supplier.

The Guarantor now intends to reduce further the energy costs of energy-intensive activities related to the production of polished water using renewable energy sources. It plans to do so, namely through the commissioning of solar power plants by the installation of photovoltaic panels on reservoirs and other locations situated in various regions of Malta having a collective roof area of approximately 19,151 sqm. The locations of these projected plants include:

- Luqa reservoir, expected to have a capacity of 470 kWp;
- The Guarantor's Luqa headquarters and lab offices are expected to have a capacity of 249 kWp;
- Pembroke reverse osmosis plant, expected to have a capacity of 470 kWp;
- Ghar Lapsi reverse osmosis plant, expected to have a capacity of 413 kWp;
- Naxxar reservoir, expected to have a capacity of 427 kWp;
- Ta' Barkat sewerage treatment plant, expected to have a capacity of 256 kWp;
- Bulebel's new warehouse, expected to have a capacity of 228 kWp; and
- Cirkewwa reverse osmosis plant, expected to have a capacity of 214 kWp.

In 2022, the renewable energy produced from the existing photovoltaic plants and biogas amounted to 6.52 GWh. Following the proposed installations of the new plants, the renewable energy produced from the photovoltaic plants and biogas is expected to amount to 14.2 GWh.

This solar energy product will again be implemented through a supply-operate arrangement with the relevant supplier, including a 20-year maintenance contract.

The project is expected to involve a capital outlay of approximately €6 million.

Part of the Bond Issue proceeds will be used to finance the capital expenditure in procuring, installing and commissioning these new photovoltaic farms as aforesaid, explained in more detail in Section 4.2 of the Securities Note.

5.3 The Guarantor's sustainability strategy

As mentioned in Section 5.2 of this Registration Document, the Guarantor has three principal activities, namely:

- (1) Water production and distribution;
- (2) Wastewater collection and treatment; and
- (3) Renewable energy generation.

Water Services Corporation's vision is to manage Malta's water resources in an efficient, effective and reliable manner that respects the environment.

Its stated mission is to embrace innovation, pursue education, and invest in retaining an edge on expertise in the field to become recognised and respected leaders in the community that it serves, through demonstrated knowledge, integrity, and the quality of its actions.

The Water Services Corporation has adopted a sustainability strategy that is aligned with the United Nations Sustainable Development Goals ('SDGs') and the European Union's Green Deal. The main pillars of Water Services Corporation's sustainability strategy are as shown in the table below:

Pillars of sustainability strategy:	How is it aimed to be achieved?
Efficiency in energy consumption and GHG emission per m ³ of water produced	By investing in renewable energy sources such as solar, biogas and energy recovery devices in desalination processes and using energy efficient technologies in its operations.
Moving towards a circular economy model and promote reuse of water	By implementing a water reuse strategy and developing a wastewater sludge management plan.
Embrace innovation in its operations and reduce environmental impact	Through the effective use of smart technologies such as advanced metering infrastructure, to improve water management and reduce water losses.
Improve climate resilience to the impact of climate change	By implementing climate adaptation measures to improve the management of water resources and continuity to build on the water safety plan.
Promote social corporate responsibility and community engagement	By engaging with stakeholders, such as customers and employees, to promote sustainable behaviour and support community development initiatives.

The Guarantor has recognized the importance of Environmental, Social, and Governance ('ESG') considerations into its operations and has taken steps to integrate these factors into its management practices, also as highlighted in the table below. By doing so, the Guarantor is able to manage its risks better, improve operational efficiency, and enhance its reputation as a responsible corporate citizen.

ENVIRONMENT	SOCIAL	GOVERNANCE
(1) Water management to ensure users are accountable for water usage	(1) Improving access to water by installing dispensers in public spaces, also through the Issuer	(1) Operations are certified for high quality accredited by ISO9001
(2) Circular economy – waste to water	(2) Reducing quality zones and quality harmonization	(2) Water Services Corporation's commitment towards environment sustainability in line with ISO 14001
(3) Commitment to water conservation	(3) Commitment to training policies, innovation and health and safety	(3) Water Services Corporation's laboratory accredited by ISO 17025
(4) Decreasing the carbon footprint through investment in energy efficient processes	(4) Supporting local communities through the setting up of a CSR Committee	(4) Balanced Board of Directors in terms of gender and knowledge in line with best practice

06 FINANCING AND SOLVENCY

6.1 Solvency and credit ratings

There are no recent events particular to the Issuer or the Guarantor which are to a material extent relevant to an evaluation of their respective solvency.

No credit ratings have been assigned to the Issuer or the Guarantor at the request or cooperation of the said Issuer or, as the case may be, the Guarantor in the rating process.

6.2 Financing and funding structure of the Issuer and the Guarantor

As at the date of this Registration Document, the Issuer has no bank loans or other third party financing outstanding. There are no material changes in the Issuer's borrowing and funding structure since the last financial year.

The Directors expect the Issuer's and/or, as applicable, the Guarantor's working capital and funding requirements to be met by a combination of the following sources of finance: (i) cash flow from profits generated through operations; (ii) European Union funds; (iii) Government grants and subventions; (iv) external bank credit and loan facilities; and (v) the proceeds from the Bonds.

Capital commitments: National Investment Plan

The Guarantor has compiled a 10-year National Investment Plan for the water and wastewater sector covering the years 2023 to 2033, which was approved and adopted by the Board of Management of the Guarantor on 13 February 2023. The Plan provides a high-level outlook of the national prevailing and anticipated challenges for delivering water and wastewater services, identifying gaps in compliance with EU legislation and prioritising investments necessary to renew and upgrade the existing infrastructure. The water's contribution to the economy, wastewater treatment and conveyance infrastructure, climate change mitigation and adaptation and energy efficiency in water services were key water management issues addressed in the Plan to safeguard a sustainable provision of water services. The Plan provides for a capital expenditure of more than €300 million over 10 years, approximately €100 million of which are expected to be funded by the EU, whilst the remaining expenditure expected to be funded by the Guarantor, which capital expenditure is expected to be broadly split between the water sector, the wastewater sector and the reclaimed water sector as per the following table:

Sector	Area	High-level Investment (in € million)	Totals (in € million)
Water sector	Production & treatment	33.0	138.0
	Supply & distribution network	105.0	
Wastewater sector	Production & treatment	51.3	133.9
	Supply & distribution network	82.6	
Reclaimed water sector	Production & treatment	18.6	46.6
	Supply & distribution network	28.0	
Total Planned Investments	Production & treatment	102.9	318.5
	Supply & distribution network	215.6	

Financing of operations and of payment obligations through the Group's operations

The various operations within the Group are expected to generate operational profits for the respective Group companies, principally, but not limitedly, in the form of revenues generated from the provision of consultancy services and sale of supplies, laboratory analysis and information technology services by the Issuer, the sale of water and related services by the Guarantor and the feed-in tariffs it generates from the photovoltaic plants operated by it, and the feed-in tariffs generated by MaltaEnergy Limited and Malta Developers Green Energy Ltd through the operation of the photovoltaic plants operated by them respectively, as well as other operational revenues to be generated from any other business activities from time to time by the Group and the companies forming part thereof.

The above-mentioned operational revenues will be used to finance operations, investments, acquisitions and expenses involved in the business operations and growth of the various Group companies. They are also expected to finance payments under bank borrowings obtained by the Group companies as well as payments of dividends to the Guarantor by the various Group companies, and payments due by the Guarantor to the Issuer under the Issuer-Guarantor Loan, thus financing the payments due under the Bonds.

Prices charged by the Guarantor for water supplied

In terms of the Water Services Corporation Act (Cap. 355 of the Laws of Malta), the prices to be charged by the Guarantor for any service or facility provided by it under the Act shall be in accordance with such tariffs as may, from time to time, be prescribed by the Guarantor following the written approval by the Regulator for Energy and Water Services set up under the Regulator for Energy and Water Services Act (Cap. 545 of the Laws of Malta). The Act allows the Guarantor to charge other prices by special agreement, provided that these are lower than those established by tariff. The Act sets an obligation on the Guarantor, to take certain parameters into consideration in prescribing the tariffs so as to ensure the financial viability of the Guarantor. The Guarantor is thus required, in prescribing such tariffs, to ensure that the prices charged are adequate to provide sufficient revenue to the Guarantor in any financial year:

- (a) to cover operating expenses, including taxes, if any, and to make provision for adequate maintenance, for depreciation, for interest payments on borrowings and for other interest payments;
- (b) to meet periodic repayments on long term indebtedness to the extent that any such repayment exceed the provisions for depreciation;
- (c) to create reserves to finance a reasonable part of the cost of future expansion, being expenses, repayments and reserves incurred or made by the Guarantor in the exercise of its functions; and
- (d) to provide a reasonable return on investment and expenditure.

In setting the tariffs, however, the Guarantor is always dependent on the written approval of the Regulator for Energy and Water Services, which exercises ultimate control over such tariffs through such approval requirement.

Furthermore, Government policy may influence lowering of prices by the Guarantor, which reductions are typically compensated for through subventions and grants made available by the Government to the Guarantor.

EU funding

The Guarantor has been a beneficiary of European Union funding since the early days of Malta's accession to the EU. The institutional experience at the Guarantor goes back a number of years when the Guarantor was awarded funds under the Pre-Accession Programme for Malta. Since then, the Guarantor implemented more than 15 projects and received around €140 million in EU assistance. The experience gained throughout the 2004–2006 and 2007–2013

Programming Periods on the Cohesion Fund and the European Regional Development Fund projects serves as the backbone to implement new projects managed by the Guarantor.

On 02 April 2019, the EU Commission endorsed the 'Net Zero Impact Utility' EU part-financed project being implemented by the Water Services Corporation with the support of Cohesion and the European Agricultural Fund for Rural Development (EAFRD) funding.

Within the EU quarters, the project was described as a blueprint for water sustainability, bearing in mind that the project is being implemented in a naturally water-scarce context. The project's holistic approach will support groundwater conservation, enhanced energy efficiency and improved water quality. The investment balances sustainability's social, economic and environmental dimensions and will contribute to a better quality of life in a rapidly growing economy.

The project will revolutionise how water is produced and distributed across the Maltese Islands. The capacity and efficiency of seawater desalination plants are being upgraded, producing more water with less energy per unit produced. The Guarantor's groundwater abstraction will be handled more spatially to optimise using this valuable naturally occurring resource. A new reverse osmosis plant was commissioned in Hondoq, Gozo, with a capacity of 9,000 cubic metres daily, to safeguard the security of supply and better-quality water. The project's desalination component will contribute an additional 25,000 cubic metre daily to the national drinking water blend. Better drinking water will be harmonised across Malta through an overhaul of the distribution and blending system, central to which is a €35 million tunnel from Pembroke to Ta' Qali, extending over a 10-kilometre stretch. Major upgrades are also being undertaken on the wastewater collection network to curtail seawater infiltration in low-lying coastal areas. An existing wastewater treatment plant at Sant Antnin is being retrofitted to bolster the Malta South treatment capacity by a further 13 million litres daily. Recycled water, commonly referred to as 'New Water', is also being made available to the agricultural community through over 60 kilometres of network and 400 automated dispensers.

Circa €153 million worth of projects were contracted to date, most of which have been completed, with the complement targeted for completion by the end of 2023.

The maximum allocation available from EU funding for this expenditure was of €91 million.

As at the date hereof, the Guarantor is applying for additional EU Funding under the 2021-2027 programming period.

Grants and subventions from Government

The Group, and in particular the Guarantor, receives various grants from the Government of Malta, mainly for the purpose of financing or subsidising part of the cost of purchase of assets, including plant and equipment, made by the Guarantor and/or other costs and expenditure, as well as subventions for the purpose of compensating for certain costs incurred by the Guarantor in providing services and supplies in respect of which the Guarantor, in line with Government policy, does not receive compensation or full compensation through fees charged to the users of such services and supplies. The grants related to costs mainly represent EU funds to which the Guarantor and the Group are entitled and other subsidies receivable from Government, as approved under the capital and recurrent expenditure votes of the Ministry responsible for the Guarantor and the Group, in relation to capital expenditure and operational expenses of water production and wastewater system. These subsidies are typically provided on a non-refundable basis and, whilst there is an expectation for the Government to provide these, particularly in case of subventions to compensate for non-billed services and supplies determined in line with Government policy, there is no obligation on the Government to provide such subsidies in any amount and/or to fully compensate for non-billed services and supplies.

The table below outlays all Government votes allocated to the Guarantor within the financial estimates (budget) for financial year 2023.

Owner	Description	Allocation 2023	Reason for Subsidy
Water Services Corporation	Contribution towards Capital Projects	2,500,000	EIB repayment
Water Services Corporation	Water Services Corporation	16,500,000	Given as contribution towards wastewater expenditure in lieu of the fact that the Guarantor WSC does not charge for such a service
Water Services Corporation	Public Service Obligation – New Water Supply to the Agri Sector	1,800,000	Given as contribution towards new water expenditure in lieu of the fact that WSC does not charge for such a service
Water Services Corporation	Water Management Initiatives	900,000	Given as contribution to the WSC further to the reduction in water and electricity tariffs in 2014
Water Services Corporation	Cohesion Funds 2014 -2020: EU Funds	8,728,000	EU funds subsidy on assets purchased through the 2014-2020 EU funded project. Paid directly by treasury to respective suppliers/contractors
Water Services Corporation	Cohesion Funds 2014 -2020: MT	4,935,000	MT subsidy on assets purchased through the 2014-2020 EU funded project. Paid directly by treasury to respective suppliers/contractors

Financing through bank and other loans

Bank loans

As at 31 December 2022, the Issuer and/or the Guarantor had bank loan facilities available and total bank borrowings, comprising bank loans and overdrafts, based on sanction letters and/or facility agreements in place as at such date, as shown in Table A below.

Table A

Borrower Group company	Purpose of borrowing	Bank	Total Facility Amount	Balance as at 31/12/2022	Interest per annum as at 31/12/2022	Repayment
Guarantor	General Banking Facility / Overdraft for working capital requirements to finance recurrent expenditure and short-term capital expenditure funding pending receipt of Government/ EU grants, which includes Overdraft, Special Guarantee facility and Documentary Credit Facilities	HSBC Bank Malta p.l.c.	Overdraft: €10,000,000 Special Guarantee: €2,000,000 Documentary Credit Facilities: €1,500,000	€6,660,530	1.6% p.a. over 3-month EURIBOR rate	On demand

Guarantor	Loan 3: Renegotiation/ refinancing of loan facilities originally held with HSBC Bank Malta p.l.c. and Bank of Valletta p.l.c.	HSBC Bank Malta p.l.c.	€16,800,000	€15,775,000	1.6% p.a. over 3-month EURIBOR rate - payable on a quarterly basis	By latest 30/07/2026 at €1,025,000 half-yearly (excl. interest) and a bulk repayment of €8,600,000 at the end of the term
Guarantor	Loan 4: To assist the Guarantor in its cash management, capital expenditure and ongoing operational needs	HSBC Bank Malta p.l.c.	€15,000,000	€3,000,000	1.6% p.a. over 3-month EURIBOR rate - payable on a quarterly basis	By latest 30/07/2026, but in the meantime may be prepaid at quarterly intervals at a minimum prepayment of €250,000 – amount repaid is reutilisable during the term subject to maximum facility amount
Guarantor	To support the Guarantor in the development of modern water and wastewater infrastructure and to improve its internal performance, particularly with respect to Malta South Wastewater Treatment Plant, Malta South transfer scheme, the Gozo Wastewater Treatment Plant, capital expenditure for pipe replacement 2007-2009, the integrated utilities business system strategic partnership in cooperation with Enemalta p.l.c. and engineering and other advisory services in connection with the project.	European Investment Bank	€40,000,000 split into 4 tranches: Tranche 1: €5,000,000 Tranche 2: €14,500,000 Tranche 3: €10,000,000 Tranche 4: €10,500,000	€20,046,872 split as follows: Tranche 1: €1,964,286 Tranche 2: €6,732,143 Tranche 3: €4,948,824 Tranche 4: €6,401,619	Tranche 1: 4.7%, paid monthly; Tranche 2: 4.5%, paid monthly; Tranche 1: 3.6%, paid semi- annually; Tranche 1: 3.1%, paid semi- annually;	Initial moratorium period of 6 months for each tranche. Tranche 1: to be repaid by end of May 2028, through biannual instalments of €178,571, excl. interest; Tranche 2: to be repaid by end of June 2029, through biannual instalments of €517,857, excl. interest; Tranche 3: to be repaid by end of June 2030, through biannual instalments of €379,034, incl. interest; Tranche 4: to be repaid by end of September 2032, through biannual instalments of €374,265, incl. interest.

The bank borrowings and facilities mentioned above are secured through Government guarantees.

The Group may from time to time seek further financing from banks as well as from other sources for various projects or operations.

Further financing through the Bonds

The Group intends to obtain further financing for certain projects and operations through the issue of the Bonds, by virtue of which the Issuer intends to raise €25,000,000 and to make the proceeds from the Bond Issue available to the Guarantor.

The Bonds will be due in ten (10) years, namely in 2033, and will pay a coupon of 4.25% per annum. It is intended that the Bonds be listed on the official Green Bond List of the MSE and admitted to trading on such regulated market.

The proceeds of the Bonds will be made available by the Issuer to the Guarantor by way of loan under the Issuer-Guarantor Loan, which will be used to finance or refinance various projects or parts of projects and operations of the Guarantor, all as set out in Section 4.2 of the Securities Note.

Collateral for Bonds

The Issuer's obligations under the Bonds will be secured by the Guarantee granted by the Guarantor, whereby it has agreed towards and for the benefit of Bondholders to jointly and severally guarantee the punctual performance by the Issuer of its payment obligations under the Bonds in terms of such Guarantee, a copy of which is attached as Annex III to the Securities Note.

Closing dynamics

The issue and final allotment of the Bonds is conditional upon the Bonds being admitted to the Green Bond List by not later than fifteen (15) Business Days from the closing of the Offer Period. In the event that the aforesaid Condition Precedent is not satisfied, the Bond Issue proceeds shall be returned to the investors, as provided in Sections 4.2 and 9.2 of the Securities Note. The funds will be held by the Registrar pending the satisfaction of such Condition Precedent or the return of investment monies to investors in case of non-satisfaction of such Condition Precedent.

It is expected that within fifteen (15) Business Days from the close of the Offer Period, subject to the satisfaction of the above-mentioned Condition Precedent and the final allocation of the Bonds, the Issuer and the Guarantor will enter into an agreement by virtue of which the Issuer will make and constitute the Issuer-Guarantor Loan to the Guarantor of an amount equivalent to the proceeds to the Bond Issue. Such proceeds shall however, following the satisfaction of the Condition Precedent referred to above, be forwarded by the Registrar to the Issuer, who shall credit the same to the Use of Proceeds Account and shall at the request of the Guarantor pay out the same, and the Issuer-Guarantor Loan shall be drawn down by the Guarantor, by way of payments made against presentation of invoices or receipts for relevant works or services received from the relevant contractors in respect of the projects of the Guarantor to which the proceeds of the Bond Issue are intended to be used as set out in Section 4.2 of the Securities Note. The whole process will be overseen and monitored by the Sustainability Committee of the Issuer, which shall track each transaction in an appropriate manner. This will ensure that the Bond proceeds are effectively used into the relevant pre-identified Eligible Green Projects for which they were intended. Without prejudice to the aforesaid, the Guarantor shall have the right to make an initial drawdown request, at any time after the execution of the agreement creating the Issuer-Guarantor Loan, for the full amount of such portion of the Issuer-Guarantor Loan which is earmarked to re-finance part of the Hondoq reverse osmosis plant project as set out in paragraph (ii) of

Section 4.2 of the Securities Note, after the Issuer, with the assistance of the Sustainability Committee, has made the necessary tracking and verifications to its satisfaction that the portion of the outstanding bank overdraft facility being repaid has been effectively used to make payments in connection with the development and commissioning of Hondoq ir-Rummien reverse osmosis plant.

The Issuer-Guarantor Loan will bear interest at 4.75% per annum payable on 10 August of each year, and the principal amount thereof shall be repayable by not later than 10 August 2033. Interest shall be payable as aforesaid on the full amount of the loan from inception, notwithstanding the date/s when this is drawn down. The payments becoming due under such Issuer-Guarantor Loan and the timings thereof are such as to enable the payments due under the Bonds, including interest and repayment of capital due on maturity, to be financed through such payments to be received by the Issuer from the Guarantor under such Issuer-Guarantor Loan, leaving also a residual amount for the Issuer to finance its corporate funding requirements.

07 TREND INFORMATION

Malta economic update and outlook

Supported by strong growth in private consumption and investment, real GDP growth reached 6.9% in 2022, which is higher than projected in the Winter Forecast. Growth also benefited from the strong performance of the services sectors in general. Tourism in 2022 rebounded quickly and above earlier expectations, both in terms of total number of visitors and tourism expenditures. The growth impact of a marked jump in gross fixed capital formation, related to a large one-off equipment purchase operation, was compensated by a strong increase in imports, resulting in a negative contribution of net exports.

In 2023, real GDP is forecast to grow at a slower pace, by 3.9%, as high inflation limits private consumption and the positive impulse from tourism, following the post-pandemic re-opening, moderates. In 2024, real GDP growth is expected to pick up to 4.1%.

Malta maintains a high pace of employment growth. Employment increased by an impressive 6.0% in 2022. Demand for labour increased across various sectors of the economy, both public and private, and was especially strong in tourism and administrative services. The labour force is set to continue growing at a robust pace in 2023 and 2024 in line with population growth as the country continued to attract foreign workers. Labour and skills shortages are expected to remain the main limiting factors for the Maltese economy over the forecast horizon. Malta's unemployment rate fell to 2.9% in 2022 and is expected to remain around this level in 2023 and 2024.

Inflation in 2022 based on the Harmonised Index of Consumer Prices ('HICP') reached 6.1%, even though the energy prices were fixed at 2020 levels by government intervention. The Maltese authorities further confirmed their commitment to limiting energy inflation in 2023 and 2024. Nonetheless, inflation in 2023 is expected to stay high at 5.4%, pushed by increasing prices for imported goods (especially food), tourism services and housing maintenance services. In 2024, inflation is projected to slow to 2.8% as price growth in Malta's main trade partners moderates.

The government deficit is expected to decrease from 5.8% of GDP in 2022 to 5.1% in 2023, remaining at a significant level. It is then set to decrease, albeit slowly, to 4.5% in 2024. Thanks to lower international energy prices, the drop in public expenditure related to measures to mitigate the impact of high energy prices is the main factor determining the reduction of the deficit level in 2023. The net budgetary cost of the energy support measures is projected at 1.7% of GDP in 2023, compared with 2.5% in 2022. The Commission currently assumes the net cost of energy support measures at 1.5% of GDP in 2024.

Deficit developments in 2023 are also affected by the assumed complete phasing out of COVID-19 emergency temporary measures, which are estimated to have amounted to 0.8% of GDP in 2022. The expected phasing out of the national airline restructuring costs and the growth in the government wage bill remaining below nominal GDP growth are also expected to contribute to the reduction of the deficit. On the other hand, intermediate consumption and gross fixed capital formation are expected to increase.

In 2024, the reduction of the deficit is set to be driven by a diminishing impact of energy-related measures and the phasing out of the national airline early retirement schemes and is partially offset by an increase of the interest expenditure. The contained growth of intermediate consumption expenditure and of the public wage bill are also set to contribute to lower the deficit ratio.

Tax revenue is expected to increase over the forecast horizon in line with nominal GDP. Following further growth in employment, the revenue from social contributions is also projected to grow. The government debt-to-GDP ratio is set to increase to 54.8% in 2023 and reach 56.1% in 2024 as the primary balance, i.e., the budget balance net of interest, remains negative.

Demand for water

According to the “Global freshwater use over the long-run” report as published by the Global International Geosphere-Biosphere Programme (IGB), global freshwater use has increased by a factor of six over the past 100 years and continues to grow at a rate of roughly 1% per year since the 1980s. Much of this growth can be attributed to a combination of factors including population growth, economic development, agriculture, climate patterns, industrial demands, lifestyle choices, water management, and conservation efforts. Unfortunately, this overall increase in the demand for water is putting a strain on available supplies.

Historical data collected by WSC shows that consumption of public water in Malta has increased by an average of 1.3% per year since 2005. This increase has been met with the same levels of production due to a reduction in the infrastructural leakages in the water distribution network, amounting to 3.54 million cubic metres. In fact, based on the latest data published by NSO in 2022, local water consumption in Malta has been steadily increasing at a compound annual growth rate of 2% over the past 13 years, reaching 31.8 million cubic metres in 2022 (compared to 24.7 million cubic metres in 2010). This increase is attributed to population growth and economic development.

Additional data from NSO demonstrates that over the last decade, the residential sector in Malta has been the primary consumer of water, making up 69% to 71% of the total water usage. The service sector, which includes hotels, restaurants, and shops, is the second-largest consumer, accounting for an average of 21% of total water consumption over the last 12 years, peaking at 24% right before the pandemic.

Focus on drinking water

While drinkable tap water is taken for granted in some countries, according to the World Health Organization, one in four people around the world doesn't have access to safe drinking water. The Environmental Performance Index (EPI)¹ highlights water-related issues in its assessment of the overall country score.

In order to evaluate the quality of drinking water, scores were given to rate the quality of local drinking water for the 180 countries included in the study based on the indicators and categories set by the EPI. The rates were based on the number of age-standardised, disability-adjusted life-years lost per 100,000 persons ('DALY rate') due to exposure of unsafe drinking water. Higher scores indicate safer drinking water.

Ten European countries (including Malta) scored 100 which means the local tap water is safe to drink. In the overall ranking, Malta improved the most (+25.4 from the 2021 results) and ended up with a score of 75.2, placing 4th out of the 180 countries included in the analysis.

¹ The Environmental Performance Index is a tool developed by researchers at Yale University in collaboration with the Columbia University Center for International Earth Science Information Network

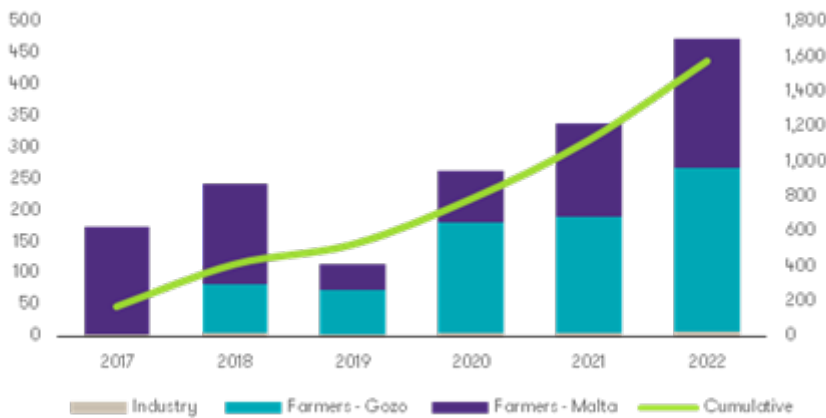
New Water production and demand

As explained in section 5.2, WSC embarked on an ambitious plan to treat effluent by means of sophisticated technology, thereby producing 'New Water', a high-quality non-potable water and distribute it throughout the Maltese islands, particularly to farmers for agricultural use and also to other clients in the industrial sectors, for landscaping purposes and other applications in lieu of groundwater. Hence through this initiative, the pressure on groundwater abstraction is expected to decrease over time, as other users of groundwater, particularly farmers, will shift to New Water.

In 2022, WSC saw significant expansion of the New Water network in Northern and Southern areas in Malta and Gozo. New Water customers were 1,330, with a total cultivated area of 1,049 hectares in Malta and 657 hectares in Gozo. WSC produced and distributed 1.6 million cubic metres of New Water in 2022 as illustrated in the charts below, but an increase in New Water production was registered in all wastewater treatment plants during 2022. As a result of these improvements, the New Water programme will see the development of an annual production capacity of 7,000,000 cubic metres of high-quality water suitable for safe crop irrigation.

New Water Customers (2017-2022)

Source: WSC Annual Report 2022



Status of groundwater in Malta

Drinking water for the Maltese islands comes from two sources: extraction of groundwater and the production from seawater reverse osmosis plants. Until FY2021 groundwater accounted for approximately 40% of Malta's water supply, sourced from mean sea-level aquifers, while the remaining 60% was produced through desalination plants. However, in FY2022, WSC the blend-ratio ratio moved to 65:35 (65% from reverse osmosis and 35% from ground water).

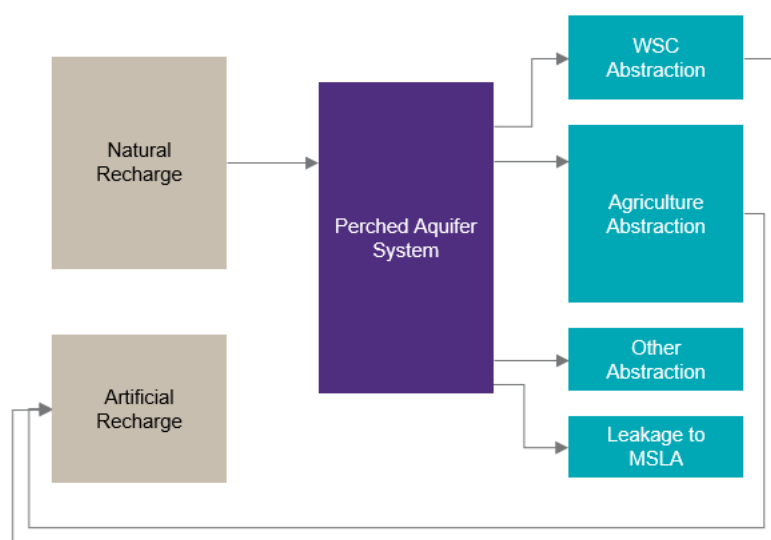
According to "The 2nd Water Catchment Management Plan² for the Malta Water Catchment District 2015–2021", estimates from numerical models place the optimum storage capacity of the mean sea level aquifer systems in the Maltese islands at around 2 billion cubic metres, when the total mean annual recharge to the aquifer systems is estimated at around 50 million cubic metres per year.

² The 2nd Water Catchment Management Plan is a national water management plan which outlines the roadmap for the achievement of the environmental objectives of the EU's Water Framework Directive

Although WSC abstracts *circa* 15 million cubic meters of water from groundwater annually, WSC is not the only user of Malta's ground water system, as the agricultural sector and commercial sector (including water bottling companies and bowzers) abstract groundwater from all aquifer systems (i.e. from all 15 groundwater bodies [aquifers], and not just the two mean sea level aquifer systems). A balance is required between the natural recharge and the amount abstracted by users on an annual basis, as illustrated in the below chart. This is because if groundwater is not sustainably abstracted various challenges will present themselves.

Water balance scheme for Mean Sea Level Aquifer System

Source: The 2nd Water Catchment Management Plan for the Malta Water Catchment District 2015-2021



Assuming that the agricultural sector abstracts 18 million cubic metres, then both the Malta and Gozo Mean Sea Level Aquifer Systems are over abstracted by *circa* 3.5 million cubic metres annually, whilst the Perched Level Aquifer Systems are in good quantitative status. However, these figures are based on agricultural industry abstracting 18 million cubic metres rather than 10.3 million cubic metres and WSC abstracting 14 million cubic metres.

Water Balance Model for four main aquifer typologies

Source: The 2nd Water Catchment Management Plan for the Malta Water Catchment District 2015 – 2021

Aquifer System	Natural Recharge (mm ³)	Leakage from Perched Aquifers (mm ³)	Artificial Recharge (mm ³)	WSC Abstraction (mm ³)	Agriculture Abstraction (mm ³)	Other Sectors Abstraction (mm ³)	Natural Discharge (mm ³)	Inflow (mm ³)	Outflow (mm ³)	Balance (mm ³)
Malta Mean Sea Level Aquifer System	28.8	1.4	6.3	(11.2)	(7.5)	(3.0)	(18.0)	36.3	(39.7)	(3.5)
Malta Perched Aquifer System	11.0	(1.4)	2.7	(0.8)	(5.6)	(1.0)	-	13.7	(8.8)	4.9
Gozo Mean Sea Level Aquifer System	9.8	0.8	2.4	(2.0)	(3.5)	(1.0)	(6.4)	12.9	(12.9)	(0.1)
Gozo Perched Aquifer System	2.2	(0.8)	0.9	-	(2.0)	(0.3)	-	3.3	(3.0)	0.3

With the blending ratio now at 65:35 (65% from reverse osmosis and 35% from ground water), WSC abstracted 13 million cubic metres of ground water in 2022, and therefore over abstraction of Mean Sea Level Aquifer Systems would decrease to 2.5 million cubic metres annually. The production and distribution of New Water which produce 1.5 million cubic metres is not factored into the aforementioned analysis. Should the agricultural industry reduce the reliance of ground water and shift to New Water, as is being promoted by WSC, the potential over abstraction of 3.5 million cubic metres annually as identified by "The 2nd Water Catchment Management Plan for the Malta Water Catchment District 2015–2021" would no longer be an issue.

08 FINANCIAL INFORMATION

8.1 Historical Financial Information of the Issuer and the Guarantor

Historical financial information of the Issuer

ClearFlowPlus p.l.c. was incorporated on 9 June 2006 as a private limited liability company with company registration number C 38895, under the name Desalination Services Marketing Ltd. In 2018, it changed its name to ClearFlowPlus Limited. In July 2023, the Company was converted to a public limited company in anticipation of the bond issue. There were no significant changes to the financial or trading position of the Issuer since 31 December 2022.

The following is a list of cross-references to specific items of information in the audited financial statements of the Issuer (which are available on display as detailed in Section 16 of this Registration Document) for financial years ended 31 December 2020, 31 December 2021, and 31 December 2022.

Page number in audited financial statements			
	Financial year ended 31 December 2020	Financial year ended 31 December 2021	Financial year ended 31 December 2022
Independent Auditors' Report	3-6	3-6	3-6
Statement of Financial Position	7	7-8	7-8
Statement of Comprehensive Income	8	9	9
Statement of Cash Flows	10	11	11
Notes to Financial Statements	11-23	12-28	12-29

The information included below is extracted from the audited financial statements of the Issuer for the financial years ended 31 December 2020, 2021 and 2022.

As at the date of this Prospectus there has been no material adverse change in the prospects of the Issuer (or the Group) since 31 December 2022, being the end of the last financial period for which the Issuer has published audited financial statements.

The said financial statements have been published and are available on the Issuer's website www.clearflowplus.com and are available for inspection at its registered office as set out in Section 16 of this Registration Document.

ClearFlowPlus p.l.c.**Statement of profit or loss for the year ending 31 December**

Amounts in €000s	FY2020A	FY2021A	FY2022A
Revenue	1,000	1,313	2,299
Cost of sales	(429)	(753)	(1,250)
Gross profit	571	560	1,050
Administrative expenses	(109)	(168)	(166)
Other expenses	(3)	(10)	-
Other income	-	17	1
Operating profit	460	398	885
Finance income	-	54	239
Profit before tax	460	452	1,125
Tax expense	(166)	(174)	(407)
Profit for the year	294	278	718

ClearFlowPlus p.l.c.**Statement of financial position as at 31 December**

Amounts in €000s	FY2020A	FY2021A	FY2022A
ASSETS			
Non-current assets			
Property, plant and equipment	-	15	24
Finance lease receivables	-	685	823
Loan receivable	-	337	422
Total non-current assets	-	1,036	1,269
Current assets			
Inventories	377	554	533
Finance lease receivables	-	28	39
Loan receivable	-	12	64
Trade and other receivables	580	811	965
Cash and cash equivalents	1,971	2,359	932
Total current assets	2,928	3,765	2,533
Total assets	2,928	4,801	3,802

Amounts in €000s	FY2020A	FY2021A	FY2022A
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	5	5	5
Retained earnings	964	1,242	1,960
Total equity	969	1,247	1,964
Non-current liabilities			
Payables	-	246	264
Total non-current liabilities	-	246	264
Current liabilities			
Trade and other payables	1,702	2,931	1,333
Current tax liabilities	258	377	241
Total current liabilities	1,960	3,309	1,574
Total liabilities	1,960	3,554	1,838
Total equity & liabilities	2,928	4,801	3,802

ClearFlowPlus p.l.c.**Statement of cash flows for the period ending 31 December**

Amounts in €000s	FY2020A	FY2021A	FY2022A
Net cash generated from / (used in) operating activities	560	752	(1,277)
Net cash generated from / (used in) investing activities	-	(366)	(161)
Net cash generated from / (used in) financing activities	-	1	12
Net movement in cash and cash equivalents	560	388	(1,427)
Cash and cash equivalents at beginning of year	1,411	1,971	2,359
Cash and cash equivalents at end of year	1,971	2,359	932

The Issuer's revenue is derived from consultancy services and supplies in connection with reverse osmosis plants, related after-sales services, desalination, sewage treatment facilities, laboratory analysis, information technology and sale of parts. The increase in total revenue during the period under review is due to increases in after-sales services and laboratory services as well as commissioning of industrial reverse osmosis.

Cost of sales primarily consist of direct costs relating to consultancy and other services provided by the Issuer. Cost of sales increased in line with the growth in revenue, albeit a slight drop in gross profit margin from 57.1% in FY2020 to 45.7% in FY2022 due to an increase in the cost of dispensers as well as the costs to service the dispensers.

Administrative expenses include management fees, professional fees, bank charges and movement in expected credit loss provisions. Management fees are paid to WSC for making human and other resources available to the Issuer (refer to section 5.1 of this Registration Document for further detail).

Finance income consists of rental income on leasing of water dispensers to schools and interest income. Finance income increased in FY2022 as it represents a full year's interest on loans advanced to related parties.

The Issuer's total assets stood at €3.8 million as at 31 December 2022, consisting principally of finance lease receivables (€862k), loans receivable (€486k), trade and other receivables (€965k) and cash and cash equivalents (€932k). Finance

lease receivables relate to leasing agreements whereby the Issuer entered as a lessor, with various public schools around Malta for certain water dispensers.

As at 31 December 2022, the Issuer had a share capital of €5k and retained earnings of €2 million. During 2023, €245k of retained earnings were capitalised into share capital.

Liabilities, which principally consist of trade and other payables totalled €1.7 million as at 31 December 2022. Liabilities decreased by €1.6 million between 31 December 2021 and 2022. The main movement relates to the repayment of €0.6 million owed to WSC, which decrease is in line with the Group's cash flow management strategy. The Issuer had no debt during the period under review.

Cash flows generated from operations are driven by the Issuer's operations. Whilst cash flow from operations was positive during FY2020 (€560k) and FY2021 (€752k) as movements in working capital compensated each other, cash flow from operations was negative in FY2022 by €1.3 million principally due to payments in trade and other payables.

Cash flows used in investing activities principally relate to loans advanced to related parties.

Historical financial information of the Guarantor

The financial information included hereinafter is extracted from the audited financial statements of the Guarantor for the financial years ended 31 December 2020, 2021 and 2022. Given that the Guarantor is a Corporation rather than a limited liability company, the Guarantor has undertaken in favour of the Issuer that it will prepare annual financial statements in accordance with International Financial Reporting Standards ('IFRS') and that it will procure that these are duly audited and delivered to the Issuer by not later than four (4) months after the end of each financial year. The said financial statements have been published and are available on the Issuer's website (www.clearflowplus.com) and are available for inspection at its registered office as set out in Section 16 of this Registration Document.

The following is a list of cross-references to specific items of information in the audited financial statements of the Guarantor (which are available on display as detailed in Section 16 of this Registration Document) for financial years ended 31 December 2020, 31 December 2021, and 31 December 2022.

	Page number in audited financial statements		
	Financial year ended 31 December 2020	Financial year ended 31 December 2021	Financial year ended 31 December 2022
Independent Auditors' Report	4-7	4-7	4-7
Statement of Financial Position	8-9	8-9	8-9
Statement of Comprehensive Income	10	10	10
Statement of Cash Flows	13	13	13
Notes to Financial Statements	14-43	14-48	14-48

As at the date of this Prospectus there has been no material adverse change in the prospects of the Guarantor since the date of the Guarantor's last published audited financial statements, nor has there been a significant change in the financial position or performance of the Guarantor (or of the Group) since 31 December 2022 (being the end of the last financial period for which the Guarantor has published audited financial statements).

Water Services Corporation**Statement of profit or loss and other comprehensive income for the year ending 31 December**

Amounts in €000s	FY2020A	FY2021A	FY2022A
Revenue	76,053	77,921	82,300
Government subsidies	30,139	30,257	32,530
Operating costs	(68,773)	(71,196)	(73,981)
Administrative expenses	(26,531)	(29,921)	(30,354)
Provision for cost of service pensions payable to Government	455	589	1,290
Operating profit	11,343	7,650	11,785
Share of results of jointly-controlled entity	53	76	64
Finance income	1,497	1,520	1,615
Finance costs	(1,845)	(1,724)	(1,535)
Profit before taxation	11,048	7,522	11,929
Taxation	(166)	(147)	(407)
Profit for the year	10,882	7,375	11,522
Other comprehensive loss			
Remeasurements of post-employment benefit obligations	(460)	(556)	(429)
Total comprehensive income for the year	10,422	6,819	11,093

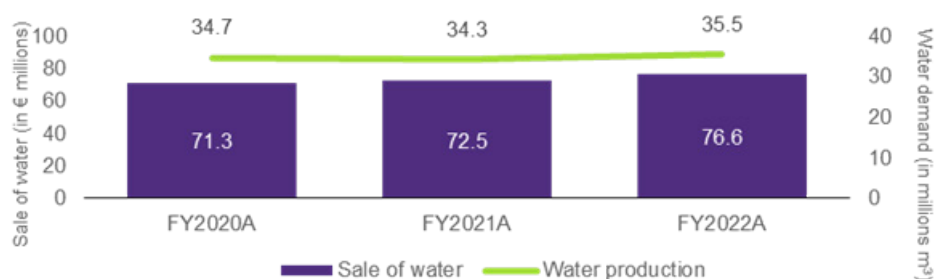
Water Services Corporation**Statement of financial position as at 31 December**

Amounts in €000s	FY2020A	FY2021A	FY2022A
ASSETS			
Non-current assets			
Property, plant and equipment	337,280	351,003	365,679
Finance lease receivables	-	685	823
Investments in subsidiaries	7	7	1
Investments in jointly-controlled entity	747	823	887
Loan receivable	-	337	422
Trade and other receivables	26,331	24,145	21,887
Total non-current assets	364,365	377,000	389,699
Current assets			
Inventories	18,510	23,978	24,321
Finance lease receivables	-	28	39
Loan receivable	-	12	64
Trade and other receivables	35,350	34,285	38,233
Cash and cash equivalents	23,125	15,226	1,550
Total current assets	76,985	73,529	64,207
Total assets	441,350	450,529	453,906

Amounts in €000s	FY2020A	FY2021A	FY2022A
EQUITY AND LIABILITIES			
Capital and reserves			
Government contribution	73,142	73,142	73,142
Revenue reserve	58,438	65,812	77,333
Pension contributions reserve	(4,263)	(4,819)	(5,248)
Non-controlling interest	3	4	5
Total equity	127,320	134,139	145,232
Non-current liabilities			
Bank borrowings	55,370	50,822	34,237
Other borrowings	3,402	3,206	3,008
Deferred government grants	190,302	190,641	195,382
Provision for other liabilities and charges	10,166	9,726	8,102
Trade and other payables	-	246	264
Total non-current liabilities	259,240	254,641	240,993
Current liabilities			
Current tax liabilities	30	122	205
Bank borrowings	4,512	4,548	11,256
Other borrowings	193	196	198
Deferred government grants	10,766	10,957	9,596
Trade and other payables	39,289	45,926	46,426
Total current liabilities	54,790	61,749	67,681
Total liabilities	314,030	316,390	308,674
Total equity & liabilities	441,350	450,529	453,906

Water Services Corporation**Statement of cash flows for the period ending 31 December**

Amounts in €000s	FY2020A	FY2021A	FY2022A
Net cash generated from / (used in) operating activities	35,867	32,761	29,841
Net cash generated from / (used in) investing activities	(31,430)	(36,485)	(36,824)
Net cash generated from / (used in) financing activities	876	(4,175)	(6,692)
Net movement in cash and cash equivalents	5,313	(7,899)	(13,675)
Cash and cash equivalents at beginning of year	17,812	23,125	15,226
Cash and cash equivalents at end of year	23,125	15,226	1,551



Revenue produced vs revenue billed (sale of water)

The increase in revenue of €5.3 million from FY2020 to FY2022 is due to the continued drive to improve billing efficiencies through the smart metering replacement programme together with increases in consumption, as billing efficiencies stood at *circa* 68% as at end 2022. The sale of water of €76.6 million for FY2022, comprises the consumption of sale of water of €56.5 million and a service charge of €20.1 million. Water is then sold to three different types of consumers: residential, domestic and non-residential.

Government subsidies represent contributions of *circa* €21 million per annum by Government towards subsidising the operational cost of providing water and a waste water system to the consumer, as well as New Water to the agricultural industry. Added to this, is the unwinding of deferred government credits which average *circa* €12 million per annum.

Operating costs and administrative expenses principally include wages and salaries, electricity costs consumed in the production and distribution of water, repairs and maintenance relating to the upkeep of the property, plant and equipment, expenditure on billing operations payable to ARMS being the cost to collect WSC's revenue generated from the sale of water and depreciation. Total operating and administrative costs increased from €95.3 million in FY2020 to €104.3 million in FY2022, due to:

- the Corporation's continued investment in its human resources and talent retainment which resulted in an increase in the salaries and wages;
- an increase in the cost of electricity a result of the strategic decision to improve the quality of the potable water by increasing the production from its reverse osmosis plants, which are more energy intensive;
- commissioning of new plants, including the Sant' Antnin farm waste treatment plan and Hondoq Reverse Osmosis.
- Increases in sub-contracted jobs such as project management, security and CCTV mains inspection, to sustain the increased activities relating to project implementation.
- An increase in the cost of raw materials, such as chemicals, and shipping freight, driven primarily by the pandemic and the Ukraine war.

Finance income is largely made up of imputed interest on amounts due from Government and interest on outstanding trade receivables whilst finance costs principally comprise bank interest.

The Group registered a profit after tax of €11.5 million in FY2022, an increase of €4.1 million (+56.2%) when compared to €7.4 million reported in FY2021. After accounting for other comprehensive loss of €0.4 million (attributable to remeasurements of post-employment benefit obligations), the Group's total comprehensive income amounted to €11.1 million in FY2022 (FY2021: €6.8 million).

Total assets in the statement of financial position as at 31 December 2022 amounted to €453.9 million (2021: €450.5 million). Notable items include: (i) property, plant and equipment of €365.7 million (2021: €351.0 million), which principally relate to water infrastructure, wastewater infrastructure related assets, integrated utilities business systems and assets under construction; (ii) inventories of €24.3 million (2021: €24.0 million) comprising consumables stores and spare parts,

mains and pipes and meters and other inventory; and trade and other receivables of €60.1 million (2021: €58.4 million) comprising trade receivables, accrued income and amounts due from Government. Amounts due from Government represent the Group's entitlement to the reimbursement of specific bank borrowings used by the Group for capital expenditure purposes.

The Group has deferred tax assets of €117.2 million plus €80.0 million unabsorbed capital allowances at 31 December 2022. These relate to unabsorbed tax losses and capital allowances which the Group can avail of going forward. However, these are not recognised on the Group's statement of financial position.

Total liabilities as at 31 December 2022 were €308.7 million (2021: €316.4 million) and mainly include deferred Government grants, bank borrowings, provisions for other liabilities and charges and trade payables. Deferred government grants pertain to refunds from the Government and the EU commission which are unwound over an amortization period equivalent to the life time of the asset bought using those same grants. The equity value of the Group as at 31 December 2022 totalled €145.2 million (€134.1 million).

Net cash flows from operating activities in FY2022, as presented in the statements of cash flows for the year ended 31 December 2022, amounted to €29.8 million as compared to €32.8 million in the prior year. This cash arises from sale of water to consumers, offset by net cash outflows in working capital movements and interest and tax payments.

In FY2022, the Group used €36.8 million in investment activities, as compared to €36.5 million in FY2021. During the period under review, investing activities related to the commissioning of the Hondoq ir-Rummien Reverse Osmosis plant in Gozo, Ta'Qali-Pembroke tunnel, the Sant' Antnin farm waste treatment plant, the technical support system commissioned two new boosters at Qrendi and Fawwar and the network infrastructure relating to wastewater, water and New Water mains. These investments were financed partly through cash generated from operating activities as well bank loans and grants received. No dividends were declared and distributed during the period under review. As at 31 December 2022 the Group's cash balance stood at €1.6 million.

8.2 Undertakings regarding Guarantor's financial statements

The Guarantor has undertaken to the Issuer that:

- It will prepare annual financial statements in accordance with International Financial Reporting Standards ('IFRS') and have these duly audited and delivered to the Issuer by not later than four (4) months after the end of each financial year, and the Guarantor has authorised the Issuer to lodge these with the MFSA and to publish the same, by uploading these on the Issuer's website or otherwise, and to keep them so published for a period of ten (10) years;
- The financial statements of the Guarantor shall be audited in accordance with equivalent statutory requirements to those applicable to companies registered in Malta under the Act and shall contain any such report required to be contained in financial statements of companies so registered in Malta in terms of Maltese law; and
- It will comply with the sustainability-related disclosure requirements resulting from Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting, as the same may be amended from time to time ('CSRD') in the same manner as the same is applicable to companies registered in Malta at the relevant time.

Apart from its obligations relating to its own financial statements as they result from applicable law and the Capital Market Rules, the Issuer will every year, within four (4) months of the end of the immediately preceding financial year of the Guarantor, lodge the aforesaid audited financial statements of the Guarantor which have been forwarded to it by the guarantor with the MFSA and shall publish the same, by uploading these on the Issuer's website or otherwise as may be indicated in a company announcement published by the Issuer, and shall keep them so published for a period of at least ten (10) years.

09 ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

9.1 Board of Directors of the Issuer

The Issuer is currently managed by a Board consisting of eight Directors entrusted with its overall direction and management. As at the date of this Registration Document, the Board of the Issuer is composed of the individuals listed in Section 3.1 of this Registration Document.

The Board of Directors of the Issuer currently consists of three executive Directors and five non-executive Directors.

The executive directors are Mr. Karl Cilia, Mr. Matthew Costa and Ing. David Sacco. These also occupy senior executive positions within the Group, namely Mr. Cilia as CEO of the Guarantor, Mr. Costa as CFO of the Guarantor and Ing. Sacco as Production & Treatment CO of the Guarantor. Together with the Group's executive team, the executive Directors of the Issuer are responsible for operations and are entrusted with the Group's day-to-day management.

The other five Directors, Dr. Vince Micallef, Ms. Angela Azzopardi, Mr. Luke Cann, Ing. Abigail Cutajar and Ms. Katrina Cuschieri serve on the Board of the Issuer in a non-executive capacity. Ms. Angela Azzopardi, Mr. Luke Cann, Ing. Abigail Cutajar and Ms. Katrina Cuschieri are considered as independent Directors since they are free of any significant 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. In assessing the said directors' independence due notice has been taken of Rule 5.119 of the Capital Markets Rules. The Chairman, Dr. Vince Micallef is also a Board member of the Guarantor, which is the controlling shareholder of the Issuer.

The non-executive Directors' main functions are to monitor the operations of the executive Director/s and their performance, as well as to review any proposals tabled by the executive Director/s, bringing to the Board the added value of independent judgment, and also to provide specialist support to the executive Director/s.

The *curriculum vitae* of the directors of the Issuer are set out in Section 9.3 below.

9.2 Board of directors of the Guarantor

As at the date of this Registration Document, the board of directors of the Guarantor is composed of 6 directors, as indicated in Section 3.1 of this Registration Document.

The *curriculum vitae* of the directors of the Guarantor are set out in Section 9.3 below.

9.3 Curriculum vitae of directors of the Issuer and the Guarantor

Dr. Vince Micallef (Chairman and non-executive Director of the Issuer)

Dr. Vincent Micallef graduated as Doctor of Laws in 2006 and subsequently obtained the warrant to practice the profession of advocate in the courts of Malta and Gozo.

Dr. Micallef commenced his career as a legal officer in the Malta Police Force where he formed part of the prosecution's and advisory team legal affairs, being also in charge of a number of prosecutions before the Courts of Justice. Dr. Micallef also lectured Criminal Law, Human Rights' Law and Juvenile Law at the Academy for Criminal Justice. He

also represented the Malta Police Force in Belgium, Brussels under the auspices of Europol.

Throughout his legal career, he was exposed to various legal assignments in the litigation sector, in front of both the Inferior Courts as well as the Superior Courts. He currently manages his law firm Vincent Micallef & Associates.

Apart from his legal profession as an Advocate in judicial cases, Dr. Micallef served and continued to serve on various boards of directors, within both private companies and government-owned entities, in some of which he serves as Chairman and/or as a Non-Executive Director. Furthermore, Dr. Micallef had also been elected to serve for a number of years as a member representing Malta of the European Committee on the Prevention of Torture and Inhuman or Degrading Treatment or Punishment within the Council of Europe, within the terms of the European Convention of Human Rights.

Apart from being a Director of the Issuer, Dr. Micallef is also a member of the Audit Committee of the Issuer and a member of the Board of the Guarantor and of the internal audit committee of the Guarantor.

Mr. Karl Cilia (Vice-Chairman and executive Director of the Issuer)

Mr. Karl Cilia was appointed as the Chief Executive Officer (CEO) of the Water Services Corporation effective 25th July 2022. With his extensive experience and expertise in the fields of informatics, technology, and management, Mr. Cilia was well-suited to lead the corporation in its mission to provide essential water services to the people of Malta.

Mr. Cilia began his career in the private sector, working for the multinational corporation IBM, where he specialised in the utilities industry. He played an instrumental role in implementing the smart metering system for both the Water Services Corporation and Enemalta p.l.c., a major achievement that helped improve the efficiency and sustainability of Malta's water and energy sectors, and was the first nationwide rollout of smart metering installation to the grid at the time of its implementation.

In recent years, Mr. Cilia has served as the Executive Director of Operations, responsible for the end-to-end energy provision and distribution network of Enemalta p.l.c., the sole Distribution System Operator in Malta. His experience and leadership in the utilities sector were invaluable as he took on the role of CEO for the Water Services Corporation. As CEO, he oversaw the planning, development, and management of Malta's water resources.

As CEO, Mr. Cilia was tasked with ensuring that the Water Services Corporation continued to provide high-quality, affordable, and sustainable water services to the people of Malta. He worked closely with the Corporation's stakeholders, including government agencies, businesses, and consumers, to develop strategies and policies that promoted responsible water use and protected Malta's precious water resources.

Mr. Matthew Costa (Executive Director of the Issuer)

Mr. Matthew Costa worked his way up through the ranks of the Water Services Corporation, Malta's main water and wastewater service provider, over a 14-year period to his current position of Chief Financial Officer. Throughout the years, he was an integral part of the finance office, business development function and the Corporation's EU funds office. In his capacity as Chief Financial Officer, Mr. Costa's remit spans wide to also include performance analysis, procurement, supply chain and warehousing, human resources and business development. Throughout recent years in his career, he championed and drove forward good governance initiatives and innovative financial practices within the WSC Group, setting the tone for new financing opportunities and sustainable growth.

This professional experience is backed by an academic background in business and finance, attained from the London School of Economics. Mr. Costa furthered his academic studies in entrepreneurship and later on in distributed ledger technologies, both of which are areas he is passionate about due to their ever-increasing importance in today's economies.

Ing. David Sacco (Executive Director of the Issuer)

Ing David Sacco has been in the water sector for more than thirty years. Ing. Sacco holds a Bachelors Degree in Engineering and a Masters in Business Administration. He is also a Chartered Engineer and a member of the Institute of Engineering Technology of UK.

Ing. Sacco has expertise in desalination and membrane treatment projects ranging from design, project management as well as operations and maintenance. During his employment period with Water Services Corporation he was responsible for all reverse osmosis plants' optimization programs that included project financing, design, manufacturing and commissioning. He was also instrumental in the development of special tools to ensure production of water at high efficiency levels and hence lowest operational cost possible. He is currently also responsible for the management of all wastewater and reclamation plants operated by Water Services Corporation.

Apart from being a Director of the Issuer, Ing. Sacco is also the Production & Treatment CO of the Guarantor.

Ms. Angela Azzopardi (Non-executive Director of the Issuer)

Ms. Angela Azzopardi graduated as Valedictorian in 2013 in the Bachelor of Commerce (Honours) Degree in Economics at the University of Malta.

She started her career as Junior Economist at the Economic Policy Department ('EPD') in the Ministry for Finance and Employment ('MFE') in 2013. Following various promotions over the past ten years she is currently the Head of Secretariat of the MFE. As an economist at MFE and the main technical liaison between the Ministry's Secretariat and EPD, Ms. Azzopardi has been directly involved in all stages of the Budget process. Along the years, she has also performed econometric modelling for entities under the Ministry's portfolio including the Commissioner for Revenue.

Apart from being a Director of the Issuer, Ms. Azzopardi is also a member and Chairperson of the Audit Committee of the Issuer.

Mr. Luke Cann (Non-executive Director of the Issuer)

Mr. Luke Cann, a warranted accountant and auditor, holds a Bachelor of Accountancy (Honours) degree and a Masters in Financial Services from the University of Malta. He commenced his professional career in the assurance division of a mid-tier firm, progressing to a senior position within the business advisory division. Subsequently, Luke was appointed to a director role of the business advisory division of the same firm. During this period Luke was actively involved in driving strategic growth and development of this division and was involved in multiple sizeable corporate finance transactions.

From the experience garnered in his career, in 2023, through Fusion Advisory, Luke commenced providing boutique advisory and business consulting services to an array of local and international businesses operating in various economic sectors.

Ing. Abigail Cutajar (Non-executive Director of the Issuer)

Ing. Abigail Cutajar is a Warranted and Chartered Engineer by profession. She mainly focuses on policy development

of new emerging technologies, energy consultancy, and the development of green buildings.

Ing. Cutajar obtained a Bachelors degree and then a Masters degree in Engineering from the University of Malta. She furthered studies in the areas of Energy and Sustainability in buildings which led to the acquisition of professional accreditation in Leadership in Energy and Environmental Design (LEED). Appointed as an Advisor to the Maltese Government for the execution of policy development within the areas of Energy, Electrification and Climate Action.

Her involvement in the building sector includes providing technical expertise to achieve high-performance green building design and construction projects through the adoption of LEED practices. Her work experience varies widely across different industries. This involves the implementation of high-value investment projects, in efforts to acquire and certify state-of-the-art developments, which are highly efficient and sustainable along the whole lifecycle of the project.

Apart from being a Director of the Issuer, Ing. Cutajar is also a member of the Audit Committee of the Issuer and a member of the Sustainability Committee of the Issuer.

Ms. Katrina Cuschieri (Non-executive Director of the Issuer)

Ms. Katrina Cuschieri is an economist (B.Com - Econ) and accountant (ACCA qualified) by profession and a graduate with a Master's degree in Political Science and Political Economy from the London School of Economics. She is currently serving as a Policy Advisor at the Ministry for the Environment, Energy, and Enterprise, working on projects related to economic development, green energy and enterprise policy.

In her role, she works closely with stakeholders from various industries, including the private and public sector, academia and civil society organisations, to develop national solutions which address current economic, sustainability and social challenges.

Apart from being a Director of the Issuer, Ms. Cuschieri is also a member of the Audit Committee of the Issuer.

Mr. Joseph Vella (Chairman and Director of the Guarantor)

Mr. Joseph Vella has been Chairman of the Water Services Corporation since 2021. He holds a BA degree in Management, and also a National Diploma in Arts and Design.

He is a public officer. Following his time in the coordination of EU Funding, together with EU Policy and Legislation, at MEUSAC, Mr. Vella also served as Private Secretary and consequently Head of Secretariat at the Ministry for European Affairs and Equality. Mr. Vella also served as Head of Secretariat at the Ministry for Justice, Governance and Equality, and is presently holding the same role at the Ministry for Home Affairs, Security, Reforms and Equality.

He also successfully contested the past two national local council elections and is an active Local Councillor in Haż-Żabbar. Mr. Vella is also involved in the voluntary sectors, namely in the areas of football and youth development.

Mr. Louis Gatt (Deputy Chairman and Director of the Guarantor)

Mr. Louis Gatt commenced his career at Bank of Valletta plc in 1984, where he spent 30 years until he left in 2014 when he occupied the position of Manager. Today he is the Head of Secretariat of the Ministry for Social Policy and Children's Rights.

Mr. Gatt was appointed as Head Electoral Office and elected Vice President of Partit Laburista since 2003. He is still occupying these two posts.

He was appointed on the board of directors of Water Services Corporation since 2014 and today he occupies the post of Deputy Chairman and Chairman of the WSC Audit Committee.

Ing. Raymond Azzopardi (Director of the Guarantor)

Ing. Raymond Azzopardi obtained an Electrical Engineering Degree from the University of Malta and a Master Degree in Business Administration from Henley Management College UK. He is a Chartered Engineer, Euro Engineer and Warranted Engineer (Ing.)

He worked with Enemalta Corporation, the main provider of energy services in Malta, from May 1982 to August 2014, initially as a Project Engineer, and subsequently in various other roles, including as Power Station Maintenance Engineer, Assistant Manager HR, Head Training Centre, Corporate Divisional Manager. After the restructuring of Enemalta Corporation, Enemalta plc was set up and all employees at Enemalta p.l.c. were transferred to Engineering Resources Ltd ('ERL') of which Ing. Azzopardi was appointed General Manager. ERL had the function of a Human Resources agency within the Government entities and thus surplus employees who were not required at Enemalta p.l.c. were deployed to work with Government entities. During his tenure as General Manager at ERL, the company was awarded a prestigious recognition of excellence in management from the Public Service.

During his employment with Enemalta Corporation, Ing. Azzopardi also occupied positions of the in-house union for professional employees and later also as Secretary to the Managers' Union.

He served as director at various Government owned or controlled companies or entities, including Water Services Corporation. He also sat on two Disciplinary Boards for two Government entities.

Mr. Ethelbert Schembri (Director of the Guarantor)

After concluding his apprenticeship in Mechanical Engineering and Power Plant Operations, Mr. Ethelbert Schembri was employed with Enemalta Corporation since 1997. As at the date hereof, he works within the Capacity Planning & Dispatch Section as a Senior Dispatch and Power Plant Officer, which section monitors, controls and maintains the safe, efficient and economic operation of the various power plants and Malta-Sicily Interconnector supply, and is also responsible to run the emergency plants when an emergency arises.

Since 2020, Mr. Schembri has been appointed as a member of the Board of Directors of the Guarantor, and a member of the internal audit committee of the Guarantor.

He also served as director at a Government owned / controlled company. Between 2006 and 2010 he was elected as President of the Chemical and Energy section within the General Workers Union, representing workers from different fields mainly Enemalta and other entities.

Ms. Silvana Mifsud (Director of the Guarantor)

Ms. Silvana Mifsud is currently an Assistant Head of School at the Ministry for Education and Employment, a Ministry Consultant P/T at the Ministry for Tourism, and an Assistant Private Secretary P/T at the Ministry for Active Ageing.

She has for eighteen years worked as a teacher in Primary School.

She graduated from University of Malta focusing on Early Years. Ms. Mifsud is a PIRLS (Progress in International

Reading Literacy Study) Test Administrator and School Coordinator for the International Study to assess the reading level of students. She is the School Coordinator of Numeracy High 5 Challenge, School Coordinator of Numeracy International Championship SuperTmatik and School Coordinator for the One Tablet Per Child project. She is the link person for the STEM projects that are performed in school.

She is currently a secretary at Malta Residency Visa Agency, assessor of the Police Licences Appeals Tribunal, member of the Responsible Gaming Foundation Board, a secretary of the Welfare Committee Board, Board Director at the Water Services Corporation, and a secretary at the internal audit committee of Water Services Corporation.

She was secretary of the Refugee Appeals Board, secretary of the Fostering Board and secretary of the Digital Economy Think Tank and secretary at the Tourism Think Tank.

She was Liaison Officer to the President of the European Parliament Mr. Martin Schulz at the Valletta Summit on Migration and Liaison Officer to the President of Sri Lanka at the Commonwealth Heads of Government Malta.

Ms. Marion Parnis (Director of the Guarantor)

Ms. Marion Parnis is a Learning Support Educator with twelve years of experience in inclusive education. Born and raised in Malta, Marion has always been passionate about education and advocating for those without a voice.

With lifelong exposure to her family's retail business, Marion has accumulated valuable experience in this sector. She has also expanded her expertise in education by teaching English as a foreign language and imparting literacy skills to children with learning difficulties. Marion holds a Bachelor's Degree in Inclusive Education and is currently pursuing a Master's Degree in Disability Studies at the University of Malta.

A devoted animal rights activist, Marion is an active member of a non-governmental organization dedicated to supporting animal rights and welfare. She is also deeply passionate about environmental issues.

Ms. Mirana Agius Silvio (Director of the Guarantor)

Ms. Mirana Agius Silvio has been an Assistant Head of Primary School for the past seven years. She graduated as a teacher from the University of Malta in 2002 and in 2020 she has been awarded a master's degree in Leadership and Management. Over the past twenty years she has been involved in local sports having hosted and produced several sport-related programmes. In 2019, she has represented Malta in the Summit of the Two Shores during fora held in Malta, Tunis, and Marseille.

Dr. Juanita Agius Galea (Director of the Guarantor)

Dr. Agius Galea graduated from Medical School, University of Malta in 2005. She continued her specialisation in anaesthesia & intensive care in Malta & furthered her studies in the UK, as well as gaining work experience there. She obtained her European Diploma in Anaesthesia, Intensive Care & Pain Management in Berlin in 2012 and passed her final specialization exams in Malta in 2014, where she continued working at Mater Dei Hospital & in the private sector. Currently, she works full-time in the private sector.

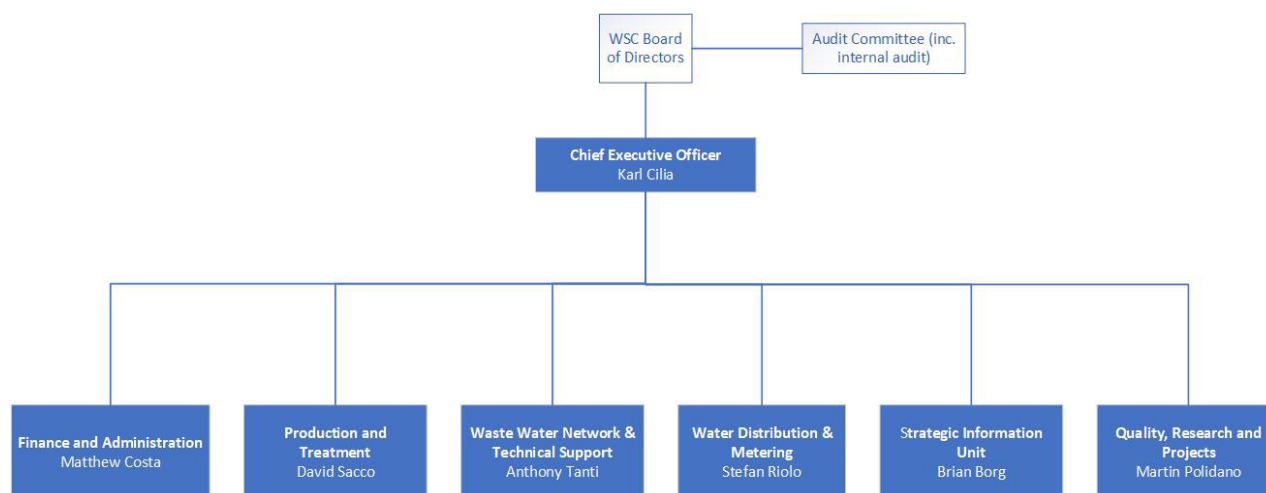
Apart from being a Director of the Guarantor, Dr. Galea is also a member of the Sustainability Committee of the Issuer.

9.4 Management structure and management team

The Issuer's business is managed by its Board of Directors and it does not separately employ any senior management. The Directors believe that the current organisational structures are adequate for the current activities of the Issuer, and that the Issuer does not require an elaborate management structure. The Directors will maintain these existing structures under continuous review to ensure that they meet the changing demands of the business and to strengthen the checks and balances necessary for better corporate governance.

The Guarantor's management team is headed by the Chief Executive Officer, Mr. Karl Cilia, whose CV is included in section 9.3 above. As CEO of the Guarantor, Mr. Cilia is vested by law, and in particular by the Water Services Corporation Act (Cap. 355 of the Laws of Malta) with the responsibility for the executive conduct of the Guarantor, its administration and organization, the administrative control of its officers and other employees and the implementation of its business plan and budget, and has such other powers as may from time to time be delegated to him by the Board. He is responsible towards the Board of Directors.

In his executive management functions the CEO is assisted by an executive management team, the key members whereof are shown in the diagram hereunder:



9.5 Conflicts of interest of directors

As at the date of the Prospectus, the executive Directors of the Issuer, namely Mr. Karl Cilia, Mr. Matthew Costa and Ing. David Sacco are also senior executive officers of the Guarantor, whilst the Chairman and Director of the Issuer, namely Dr. Vince Micallef, is also a director of the said Guarantor, as mentioned in Section 9.3 above. This makes the said Directors of the Issuer susceptible to potential conflicts between the potentially diverging interests of the Issuer and the Guarantor in specified circumstances, including the Issuer-Guarantor Loan to be advanced by the Issuer to the Guarantor out of the proceeds of the Bond Issue, both in terms of its actual use and also in respect of its repayment and enforcement of remedies for its repayment. With respect to conflicts of interest which may arise with respect of the actual use of the loan proceeds, such potential conflicting interests between the Issuer and the Guarantor will be managed by structuring the Issuer-Guarantor Loan as a loan facility which will be retained by the Issuer and paid out against presentation of invoices or receipts for relevant works or services received from the relevant contractors in respect of the projects of the Guarantor to which the proceeds of the Bond Issue are intended to be used as set out in Section 4.2 of the Securities Note, and the whole process will be overseen by the Sustainability Committee of the Issuer. This will ensure that the Bond proceeds are effectively used into the projects which were pre-identified as Eligible Green Projects.

In situations of conflict of interests involving the Issuer, the Directors shall act in accordance with the majority decision of the Directors who would not have a conflict in the situation and in line with the advice of legal counsel.

The Audit Committee of the Issuer has the task of ensuring that any potential conflicts of interest that may arise at any moment pursuant to the different involvements of the Directors are handled according to law. The fact that the Audit Committee is constituted solely by non-executive Directors, the majority of which are independent, provides an effective measure to ensure that transactions vetted by the Audit Committee are determined on an arms-length basis and in the interests of the Issuer. 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, the Guarantor and other Group companies on a quarterly basis. To this effect, the Issuer and other Group companies are to submit to the Audit Committee quarterly accounts.

The presence of independent non-executive directors on the Board of the Issuer also aims to minimise the possibility of any abuse of control by its parent undertaking, the Guarantor. Furthermore, in terms of the Memorandum and Articles of Association of the Issuer, in the event that a Director has a material interest in any contract, arrangement or proposal, such Director is not entitled to vote at a meeting of Directors in respect thereof.

To the extent known or potentially known to the Issuer as at the date of the Prospectus, there are no other potential conflicts of interest, save for those mentioned above, between any duties of the Directors of the Issuer and/or of the Guarantor, as the case may be, and their respective private interests and/or their other duties, which require disclosure in terms of the Prospectus Regulation.

10 BOARD PRACTICES

10.1 Audit Committee

The terms of reference of the Audit Committee of the Issuer consist of inter alia its support to the Board in

its responsibilities in dealing with issues of risk, control and governance. The terms of reference of the Audit Committee, as adopted by the Board, establish its composition, role and functions, 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 once every quarter, is a committee of the Board and is directly responsible and accountable to the Board. The Board reserved the right to change the Committee's terms of reference from time to time.

Briefly, the Audit Committee is expected to deal with and advise the Board 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; facilitating the independence of the external audit process and addressing issues arising from the audit process; and preserving the Issuer's assets by understanding the Issuer's risk environment 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 transaction to be entered into by the Issuer or the Guarantor and a related party, given the role and position of the Issuer within the Group, 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. In this regard, the Audit Committee of the Issuer has the task of ensuring that any potential abuse which may arise in consequence of the foregoing state of affairs is immediately identified and resolved.

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, the Guarantor and all other entities comprising the Group on a quarterly basis. The Guarantor has undertaken to the Issuer to provide such access to financial information to the Audit Committee.

All of the Directors sitting on the Audit Committee are non-executives and the majority thereof are also independent. The Audit Committee is presently composed of Ms. Angela Azzopardi, Mr. Luke Cann, Ms. Katrina Cuschieri, Ing. Abigail Cutajar and Dr. Vince Micallef, all of which members being non-executive Directors and the first four being also independent. The Audit Committee is chaired by Ms. Angela Azzopardi. In compliance with the Capital Markets Rules, Ms. Angela Azzopardi, Mr. Luke Cann, and Ms. Katrina Cuschieri are the independent, non-executive Directors who are competent in accounting and/or auditing matters. The Audit Committee or its Chairman holds meetings with the executive Directors as necessary to review the Issuer's accounts and operations. The Issuer considers that the members of the Audit Committee have the necessary experience, independence and standing to hold office as members thereof. The CVs of the said Directors may be found in Section 9.3 above.

The Guarantor is not bound by the Capital Markets Rules to set up an Audit Committee.

10.2 Sustainability Committee

The Issuer has also established a Sustainability Committee to assist it with achieving alignment with the Green Bond Principles and other relevant and applicable sustainability standards.

The Committee is currently composed of 6 members, whose details and short *curriculum vitae* ("CV") may be found below:

Ing. Stefan Riolo (Chairperson of the Committee)

Ing. Stefan Riolo is a Graduate Mechanical Engineer who also holds a Masters Degree in Business administration. Throughout his career, Ing. Riolo has been driven by the aim 'to do more with less', which has led to huge financial gains over the past 27 years at the Water Services Corporation, where he currently holds the position of Chief Officer Distribution and Metering. The areas of most interest to him are non-revenue water reduction, specific energy reduction measures and operational efficiency.

Apart from being a member of the Sustainability Committee, Ing. Riolo is also the Distribution & Network CO of the Guarantor.

Dr. Juanita Agius Galea (Vice-Chairperson of the Committee)

Dr. Galea's CV is already included in Section 9.3 above.

Apart from being a member of the Sustainability Committee, Dr. Galea is also a director of the Guarantor.

Ing. Abigail Cutajar (Member of the Committee)

Ing. Cutajar's CV is already included in Section 9.3 above.

Apart from being a member of the Sustainability Committee, Ing. Cutajar is also a director of the Issuer.

Ms. Pauline Zerafa (Member of the Committee)

Ms. Pauline Zerafa is a Certified Public Accountant by profession.

Apart from being a member of the Sustainability Committee, Ms. Zerafa is also the Head of Procurement at the Guarantor.

She is currently employed by Water Services Corporation as Procurement and Stores Manager prior to managing the Supply Chain area within the Procurement and Stores Department for the past three years. At the Guarantor Ms. Zerafa's main focus is to ensure that the procurement process runs effectively and efficiently to ensure the availability of quality materials and services and that the Guarantor's stores are equipped to support the various ongoing national projects.

Within the Sustainability Committee, her role shall be specifically focused on procurement, particularly in providing feedback on the tendering process and post-contractual matters of the Issuer Green Bonds-related projects.

Ing. Nicole Vassallo (Member of the Committee)

Ing. Nicole Vassallo is a mechanical engineer who has been working as a Project Manager at the Water Services Corporation for the past four years. Currently, she is the manager of the Projects Office, overseeing the projects portfolio of the Corporation. As a member of the Sustainability Committee, she will be responsible for overseeing the projects that are part of the Issuer Green Bonds, ensuring that they are completed to a high standard of quality in a timely and efficient manner.

Ing. Stefan Cachia (Member of the Committee)

Ing. Stefan Cachia is a Mechanical Engineer by profession having obtained a degree in B. Mech. Eng. (Hons). He has been employed with the government sector since 1994. He commenced his career as a Junior Engineer with the former Drainage Department's Sewerage Master Plan Implementation Unit which is a section that has been migrated to the Works Division in 2000 and eventually to the Guarantor in October 2003.

During his career, Ing. Cachia was directly responsible for planning and implementing an array of wastewater network projects, including setting up the wastewater treatment infrastructure. Between 2007 and 2017, he directed the operation of the wastewater treatment plants implemented under his helm from 2004 to 2011. Most of the projects Ing. Cachia has implemented had a strong element of foreign co-financing, namely, EU pre-accession Funds, Vth Italo-Maltese Protocol Funds and later EU ERDF and Cohesion Funds. All the co-financing was secured and managed under his remit as project leader.

Between 2018 and 2019, he headed the Guarantor's Quality Management Systems and, since 2018, was assigned the Corporation's horizontal affairs function. Since 2020 he has been directly involved in the Guarantor's Corporate Strategy, tracking the Guarantor's Business Plan 2020-2023 implementation and overseeing key performance indicators.

As of 2022, Ing. Cachia has been assigned as Manager of Corporate Strategy, Reporting and External Regulatory Affairs role, reporting directly to the CEO of the Guarantor.

The members of the Sustainability Committee are appointed for a term of 1 year but are eligible for reappointment.

The terms of reference of the Sustainability Committee of the Issuer include mainly to give full support to the Board

and make recommendations to the Board in respect of the following matters: the evaluation and selection of projects after a thorough screening and assessment thereof and of their environmental impact to ensure that they qualify as Eligible Green Projects and that they are aligned to the Green Bond Framework, and to monitor such eligibility and report thereon to the Board on a continuous basis thereafter; to monitor and report to the Board on the progress and performance of each such project, including the tendering process and post-contractual matters related to such projects, in liaison with the designated project leader/s, and to recommend remedial action in case such projects are not executed or are not performing according to the scheduled plan; to monitor and report to the Board on the actual use of the proceeds of the Bond to ensure these are and have been effectively used for their intended purpose, namely for the purposes of the projects designated in the Prospectus; support in reporting annually or at other regular intervals on the use of proceeds of the Bonds, including the projects into which such proceeds are used and the impacts of such projects, and that such projects remain Eligible Green Projects and generally that the Bonds remain eligible for admission to listing to the Green Bond List and aligned with the Green Bond Principles and the Taxonomy Regulation and/or other relevant and applicable sustainability standards; to liaise with the Accredited External Reviewer in respect of external reporting which is to be produced by such Accredited External Reviewer and assisting same in sourcing relevant information from the Board or generally from the Issuer or the Group.

The terms of reference of the Sustainability Committee, as adopted by the Board, establish its composition, role and functions, the parameters of its remit, and also basic rules of procedure that are to be followed by it. The Sustainability Committee meets at least once every month. It is a committee of the Board and is directly responsible and accountable to the Board and reports directly to it. The Board reserved the right to change its terms of reference from time to time.

10.3 Compliance with corporate governance requirements

As a consequence of the Bond Issue and the forthcoming admission of the Bonds to the Green Bond List and in accordance with the terms of the Capital Markets Rules, the Issuer is required to endeavour to adopt and comply with the provisions of the Code of Principles of Good Corporate Governance forming part of the Capital Markets Rules (the "Code"). The Issuer declares its full support of the Code and undertakes to comply with the Code to the extent that this is considered complementary to the size, nature and operations of the Issuer.

The Issuer supports the Code and its adoption and believes that its application results in positive effects accruing to the Issuer.

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

A. Principle 7 "Evaluation of the Board's Performance"

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 evaluated on an ongoing basis by, and is subject to the constant scrutiny of, the Board itself, the majority of which is composed by non-executive Directors of which a majority are independent, the Audit Committee in so far as conflicting situations are concerned, the Issuer's shareholders, the market and the rules by which the Issuer is regulated as a listed company.

B. Principle 8 "Committees"

The Issuer does not have a Remuneration Committee, nor a Nomination Committee, as recommended in Principle 8.

The Board considers that the size and operations of the Issuer do not warrant the setting up of such committees. In particular:

- (i) the Issuer does not believe it necessary to establish a remuneration committee, given that the remuneration of the directors is required by the Memorandum and Articles of Association of the Issuer to be determined by the company in general meeting;
- (ii) the Issuer does not believe it is necessary to establish a nomination committee as appointments to the Board of Directors are determined by the shareholders of the Company, with the possibility of prior nomination by the shareholders, in accordance with the Memorandum and Articles of Association of the Issuer. The Issuer considers that the current members of the Board provide the required level of skill, knowledge and experience expected in terms of the Code.

C. Principle 9 "Relations with Shareholders and with the Market"

There is currently no established mechanism disclosed in the Memorandum and Articles of Association of the Issuer to trigger arbitration in the case of conflict between the minority shareholders and the controlling shareholders. The Issuer's shares are all held by the Guarantor, except for one share which is held by Malta Government Investments Limited, a company beneficially owned by the Government of Malta. The Issuer is thus of the view that there is currently no need to establish such mechanism.

Going forward, the Issuer shall, on an annual basis in its annual report, explain the level of the Issuer's compliance with the principles of the Code, explaining the reasons for non-compliance, if any, in line with the Capital Markets Rules' requirements.

11 MAJOR SHAREHOLDERS

11.1 The Issuer

The Issuer has an authorised and issued share capital of €250,002.286598 divided into 107,326 ordinary shares of a nominal value of €2.329373 each, which are subscribed to and allotted as fully paid up shares as follows:

Name of shareholder	Number of shares held
Water Services Corporation Triq Hal Qormi, Luqa, Malta	107,325 ordinary shares of a nominal value of €2.329373 each, fully paid up.
Malta Government Investments Limited Clock Tower, Level 1 Tigne' Point, Sliema, Malta Company Registration number C 10175	1 ordinary share of a nominal value of €2.329373, fully paid up.

The ordinary shares rank *pari passu* and give the holders thereof one vote for each share held.

The Directors are appointed by ordinary resolution of the shareholders.

The legal and judicial representation of the Issuer is vested in any two directors, acting jointly, without prejudice to the authority of the Board of Directors, by resolution, to delegate such representation to any person or persons in a particular case or cases or classes of cases.

The Issuer is therefore controlled (through ownership and appointment of directors and other voting powers at general meeting) directly by the Guarantor, which is in turn controlled, limitedly through the appointment of directors thereof, by the Government of Malta, as seen in Section 11.2 below.

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

The Issuer adopts measures in line with the Code of Principles of Good Corporate Governance forming part of the Capital Markets Rules with a view to ensuring that the relationship with its major shareholder is retained at arm's length, including adherence to rules on related party transactions set out in Chapter 5 of the Capital Markets Rules requiring the vetting and approval of any related party transaction by the Audit Committee, which is constituted by non-executive Directors the majority of which are independent. The Audit Committee has the task of ensuring that any potential abuse is managed, controlled and resolved in the best interests of the Issuer. The presence of independent non-executive directors on the Board of the Issuer minimises the possibility of any abuse of control by the major shareholder, the Guarantor.

11.2 The Guarantor

The Guarantor is not a company but is instead a corporation constituted by law, and namely the Water Services Corporation Act (Cap. 355 of the Laws of Malta).

It has no share capital.

It has a Board of Directors which is responsible for the formulation of the policy of the Guarantor. The members of such Board are designated by the Minister responsible for water, and such Minister also designates the Chairman and the Deputy Chairman. Subject to the provisions of the Water Services Corporation Act, and to any directions of the Board, the executive conduct of the Guarantor, its administration and organization and the administrative control of its officers and other employees shall be the responsibility of the Chief Executive Officer of the Guarantor who shall also have such other powers as may from time to time be delegated to him by the Board. The Chief Executive Officer is responsible for the implementation of the business plan and budget of the Guarantor. The Chief Executive Officer is also responsible towards the Board of Directors and may be invited to attend and be heard at all meetings of the Board, but he shall not have a vote or be counted for the purpose of constituting a quorum.

The legal representation of the Guarantor vests in the Chairman or in such other member or members of the Board of Directors as the Board may by resolution designate. The Board may delegate any of its powers to any of its members or to any of its officers or servants and may authorise any such person to represent the Guarantor on any contract, deed or other instrument or other document.

The Guarantor is therefore controlled through the appointment of its directors by the Government of Malta.

The Water Services Corporation Act contains provisions designed to ensure that certain standards are met in appointing director to the Board of the Guarantor. The Act thus sets out some minimum eligibility criteria which must be satisfied, and provides that the Chairman and all the other appointed Board members must be persons appearing to the Minister to have had experience, and shown capacity, in matters relating to water technology, or water or wastewater management, or the organisation of workers, or of finance or administration, and shall be appointed after having taken regard of their experience and familiarity with the requirements and circumstances of agriculture, industry, commerce and tourism and with matters related to the conservation of the environment and the development of public amenities. Furthermore, the Act sets out a list of events and/or circumstances disqualifying a person from appointment as Board member.

12 LITIGATION

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 this Registration Document which may have, or have had in the recent past significant effects on the financial position or profitability of the Issuer, the Guarantor and/or the Group, taken as a whole.

13 ADDITIONAL INFORMATION

13.1 Share Capital of the Issuer

The authorised and issued share capital of the Issuer is €250,002.286598 divided into 107,326 ordinary shares of a nominal value of €2.329373 each, fully paid up and subscribed by the Guarantor except for 1 share which is subscribed by Malta Government Investments Limited.

The ordinary shares rank *pari passu* between themselves and entitle the holders thereof to receive notice of and attend and vote at general meetings of the Issuer, to participate in dividends and other distributions of the Issuer, including distribution of assets on winding up and also to the other rights of shareholding.

The shares of the Issuer are not listed on the Malta Stock Exchange and no application for such listing has been made to date.

There is no capital of the Issuer which is currently under option, nor is there any agreement by virtue of which any part of the capital of the Issuer is to be put under option.

13.2 Memorandum and Articles of Association of the Issuer

The Memorandum and Articles of Association of the Issuer are registered with the Registrar of Companies at the Malta Business Registry.

The principal objects of the Issuer are set out in clause 4 of the Issuer's Memorandum and Articles of Association. These include, but are not limited to:

- (i) carrying on the business of a finance and investment company in connection with the ownership, development, operation and financing of the business activities of group or associated companies, corporations, undertaking or entities and for such purpose: (a) to lend or advance money or otherwise give credit to any such group or

associated company, corporation, undertaking or entity, now or hereinafter forming part of the same group as the Issuer or associated with the Issuer, with or without security and otherwise on such terms as the Directors may deem expedient, and (b) to invest and deal with the moneys of the Issuer and any company, corporation, undertaking or entity now or hereinafter forming part of the same group as the Issuer or associated with the Issuer in or upon such investments and in such manner as the Directors may, from time to time, deem expedient;

- (ii) to issue bonds, debentures, notes, commercial paper or other instruments creating or acknowledging indebtedness and to sell or offer the same to the public and/or to procure the same to be listed and/or traded on any stock exchange or market;
- (iii) to borrow or raise money in such manner as the Issuer may think fit and in particular by the issue of bonds, debentures, notes, commercial paper or other instruments creating or acknowledging indebtedness;
- (iv) the provision of technical consultancy services inter alia with the distribution of water for domestic, commercial, industrial and other purposes, the conservation and exploitation of water resources and sources of water supply, the treatment of sewage and wastewater and the creation of novel ways of exploiting water resources in general; and
- (v) the provision of consultancy services and supplies in connection with reverse osmosis plants, desalination, sewage treatment facilities, laboratory analysis and services, information technology and property management.

A copy of the Memorandum and Articles of Association of the Issuer may be inspected during the lifetime of this Registration Document at the registered office of the Issuer and as set out in Section 16 of this Registration Document and at the Malta Business Registry during the lifetime of the Issuer.

13.3 Main objects and purposes of the Guarantor

The Guarantor is not a company, it has no share capital and is not constituted or regulated by a Memorandum and Articles of Association. It is instead constituted by law as a corporation, by virtue of the Water Services Corporation Act (Cap. 355 of the Laws of Malta) and is regulated by the said Act.

The Act, in particular in Articles 3 and 19, sets out the objects, functions and duties of the Guarantor, as established by law. The main objects and functions include the following:

- (a) to acquire, produce, keep, distribute, sell, export or otherwise dispose of water for domestic, commercial, industrial or other purposes;
 - (b) to conserve, augment and operate water resources and sources of water supply;
 - (c) to undertake and perform such other functions relating to water conservation, supply and distribution as it may deem appropriate;
 - (d) to provide for the treatment and for the disposal or re-use, as appropriate, of sewage and wastewater;
 - (e) to generate new forms and services of revenue, even if not directly or indirectly related to the use of water for domestic, commercial, industrial or other purposes;
- and, in so far as it is able to do so:
- (f) to provide a public sewer system to be used for the drainage of domestic sewage;
 - (g) to take such steps from time to time as may be necessary for ascertaining the cleanliness, safety and efficiency of such services;

- (h) to take all actions as it may from time to time consider necessary or expedient for augmenting and improving the means of disposal and the ways of treating the contents of such services;
- (i) to take such steps from time to time as may be necessary for ensuring the safe discharge, reception, treatment and disposal of trade effluent;
- (j) to take all actions as it may from time to time consider necessary to encourage the re-use of treated effluent;
- (k) to carry out tests and to make regulations relating to waste and sewage connections for the purpose of ensuring the proper and fit disposal of wastewater and sewage.

The Act also supplements the above-mentioned objects and functions with a number of duties and powers of the Guarantor.

14 MATERIAL CONTRACTS

Each of the Issuer and the Guarantor has not entered into any material contracts which are not in the ordinary course of their respective business which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's or the Guarantor's ability to meet its respective obligations to security holders in respect of the Bonds being issued pursuant to, and described in, the Securities Note.

15 THIRD PARTY INFORMATION

The Registration Document does not contain any statement or report attributed to any person as an expert.

The sourced information contained in Section 7 of this Registration Document has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from the published information, no facts have been omitted which would render the reproduced information inaccurate or misleading.

16 DOCUMENTS AVAILABLE FOR INSPECTION

For the duration period of this Registration Document the following documents shall be available for inspection at the registered address of the Issuer and also on the Issuer's website, on the following hyperlink <https://www.clearflowplus.com>, and are incorporated by reference in the Prospectus:

- (a) Memorandum and Articles of Association of the Issuer;
- (b) Audited financial statements of the Issuer for the three financial years ended 31 December 2020, 31 December 2021 and 31 December 2022;
- (c) Audited consolidated financial statements of the Guarantor for the three financial years ended 31 December 2020, 31 December 2021 and 31 December 2022;
- (d) Financial Analysis Summary dated 20 July 2023 and prepared by Calamatta Cuschieri Investment Services Limited; and
- (e) The original Guarantee.

SECURITIES NOTE

Dated 20 July 2023

This Securities Note is issued in accordance with the provisions of Chapter 4 of the Capital Markets Rules issued by the Malta Financial Services Authority and in accordance with the Prospectus Regulation.

This Securities Note should be read in conjunction with the most updated Registration Document issued from time to time containing information about the Issuer.

In respect of an issue of up to:

€25,000,000 4.25% unsecured Bonds 2033
of a nominal value of €100 per Bond issued at par
and redeemable at the Redemption Value
ISIN: MT0002751205 (the "Bonds") by



CLEARFLOWPLUS P.L.C.

a public limited liability company duly incorporated under the Laws of Malta, with Company registration number C 38895 with the joint and several Guarantee* of Water Services Corporation a corporation established in Malta by virtue of the Water Services Act (Cap. 355 of the Laws of Malta)

*Prospective investors are to refer to the Guarantee contained in Annex III of this Securities Note for a description of the scope, nature and terms of the Guarantee.

Sponsor, Manager & Registrar



Accredited External
Reviewer



Legal Counsel



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

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

APPLICATION HAS BEEN MADE TO THE MALTA STOCK EXCHANGE FOR THE SECURITIES TO BE ADMITTED TO THE GREEN BOND LIST.

A POTENTIAL INVESTOR SHOULD NOT INVEST IN THE SECURITIES UNLESS: (I) HE/SHE HAS THE NECESSARY KNOWLEDGE AND EXPERIENCE TO UNDERSTAND THE RISKS RELATING TO THIS TYPE OF FINANCIAL INSTRUMENT; (II) THE SECURITIES MEET THE INVESTMENT OBJECTIVES OF THE POTENTIAL INVESTOR; AND (III) SUCH PROSPECTIVE INVESTOR IS ABLE TO BEAR THE INVESTMENT AND FINANCIAL RISKS WHICH RESULT FROM INVESTMENT IN THESE SECURITIES.

A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY LISTED FINANCIAL INSTRUMENT. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN THE SECURITIES OF AN ISSUER AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN FINANCIAL ADVISOR. A PROSPECTIVE INVESTOR SHOULD MAKE HIS OR HER OWN ASSESSMENT AS TO THE SUITABILITY OF INVESTING IN THE SECURITIES SUBJECT OF THIS SECURITIES NOTE.

APPROVED BY THE DIRECTORS

A blue ink signature of Karl Cilia, consisting of a stylized cursive script.

Karl Cilia

A blue ink signature of Matthew Costa, consisting of a stylized cursive script.

Matthew Costa

in their capacity as Directors, and on behalf of Vince Micallef, David Sacco, Angela Azzopardi, Luke Cann, Abigail Cutajar and Katrina Cuschieri.

IMPORTANT INFORMATION

THIS SECURITIES NOTE CONTAINS INFORMATION ON AN ISSUE BY CLEARFLOWPLUS P.L.C. (THE "ISSUER") OF UP TO €25,000,000 UNSECURED BONDS OF A NOMINAL VALUE OF €100 PER BOND ISSUED AT PAR AND BEARING INTEREST AT THE RATE OF 4.25% PER ANNUM, PAYABLE ON 25 AUGUST OF EACH YEAR UNTIL THE REDEMPTION DATE (THE "BONDS"). THE ISSUER SHALL REDEEM THE BONDS AND PAY THE REDEMPTION VALUE THEREOF ON THE REDEMPTION DATE UNLESS OTHERWISE PREVIOUSLY REPURCHASED FOR CANCELLATION BY THE ISSUER.

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

THIS SECURITIES NOTE SHOULD BE READ IN CONJUNCTION WITH THE REGISTRATION DOCUMENT ISSUED BY THE ISSUER DATED 20 JULY 2023.

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THE DISTRIBUTION OF THE PROSPECTUS IN CERTAIN JURISDICTIONS MAY BE RESTRICTED AND ACCORDINGLY, PERSONS INTO WHOSE POSSESSION IT IS RECEIVED ARE REQUIRED TO INFORM THEMSELVES ABOUT, AND TO OBSERVE, SUCH RESTRICTIONS.

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

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THE BONDS HAVE NOT BEEN NOR WILL THEY BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT, 1933 AS AMENDED, OR UNDER ANY FEDERAL OR STATE SECURITIES LAW AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES OF AMERICA, ITS TERRITORIES OR POSSESSIONS,

OR ANY AREA SUBJECT TO ITS JURISDICTION (THE "U.S.") OR TO OR FOR THE BENEFIT OF, DIRECTLY OR INDIRECTLY, ANY U.S. PERSON, AS DEFINED IN REGULATION "S" OF THE SAID ACT. FURTHERMORE, THE ISSUER WILL NOT BE REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT, 1940 AS AMENDED AND INVESTORS WILL NOT BE ENTITLED TO THE BENEFITS SET OUT THEREIN.

A COPY OF THIS DOCUMENT HAS BEEN SUBMITTED TO THE MALTA FINANCIAL SERVICES AUTHORITY IN SATISFACTION OF THE CAPITAL MARKETS RULES, THE MALTA STOCK EXCHANGE IN SATISFACTION OF THE BY-LAWS AND HAS BEEN DULY FILED WITH THE REGISTRAR OF COMPANIES, IN ACCORDANCE WITH THE ACT.

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

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

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

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

THE VALUE OF INVESTMENTS CAN FALL AS WELL AS RISE, AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THE PROSPECTUS AS A WHOLE AND SHOULD CONSULT THEIR OWN FINANCIAL AND OTHER PROFESSIONAL ADVISORS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BONDS.

IMPORTANT NOTICE RELATING TO GREEN BONDS

PROSPECTIVE INVESTORS SHOULD HAVE REGARD TO THE INFORMATION SET OUT UNDER SECTION 4.2 OF THIS SECURITIES NOTE RELATING TO "REASONS FOR THE OFFER AND USE OF PROCEEDS" AS WELL AS TO SECTION 5 OF THIS SECURITIES NOTE RELATING TO "ALIGNMENT OF THE ISSUER GREEN BONDS WITH THE GREEN BOND PRINCIPLES" AND MUST DETERMINE FOR THEMSELVES THE RELEVANCE OF SUCH INFORMATION FOR THE PURPOSE OF ANY INVESTMENT IN THE ISSUER GREEN BONDS TOGETHER WITH ANY OTHER INVESTIGATION SUCH INVESTOR DEEMS NECESSARY. IN PARTICULAR, NO ASSURANCE IS GIVEN BY THE ISSUER OR ITS ADVISORS THAT THE USE OF AN AMOUNT EQUAL TO THE PROCEEDS OF THE ISSUER GREEN BONDS FOR ANY ELIGIBLE GREEN PROJECTS WILL SATISFY, IN WHOLE OR IN PART, ANY PRESENT OR FUTURE INVESTOR EXPECTATIONS OR REQUIREMENTS REGARDING ANY INVESTMENT CRITERIA OR GUIDELINES WITH WHICH SUCH INVESTOR OR ITS INVESTMENTS ARE REQUIRED TO COMPLY WITH.

NO ASSURANCE IS OR CAN BE GIVEN TO INVESTORS THAT ANY ELIGIBLE GREEN PROJECTS UNDERTAKEN OR PURSUED BY THE ISSUER OR THE GROUP WILL MEET ANY OR ALL INVESTOR EXPECTATIONS REGARDING THE RELEVANT ENVIRONMENTAL OBJECTIVES OR THAT ANY ADVERSE ENVIRONMENTAL, SOCIAL AND/OR OTHER IMPACTS WILL NOT OCCUR DURING THE IMPLEMENTATION OF ANY SUCH ELIGIBLE GREEN PROJECTS.

NO ASSURANCE OR REPRESENTATION IS GIVEN AS TO THE SUITABILITY OR RELIABILITY FOR ANY PURPOSE WHATSOEVER OF ANY VERIFICATION, OPINION, CERTIFICATION OR REPORT OF THE ACCREDITED EXTERNAL REVIEWER OR OF ANY THIRD PARTY (WHETHER OR NOT SOLICITED BY THE ISSUER) WHICH MAY BE MADE AVAILABLE IN CONNECTION WITH THE ISSUE OF THE ISSUER GREEN BONDS AND IN PARTICULAR WITH ANY PROJECTS PURSUED BY THE ISSUER TO FULFIL ANY ENVIRONMENTAL, SUSTAINABILITY, SOCIAL AND/OR OTHER CRITERIA. SUCH VERIFICATION, OPINION, CERTIFICATION OR REPORT, IS NOT, AND SHOULD NOT BE DEEMED TO BE, A RECOMMENDATION BY THE ISSUER, THE AUTHORISED FINANCIAL INTERMEDIARIES OR ANY OTHER PERSON TO BUY, SELL OR HOLD ANY SUCH BONDS. AS A RESULT, NEITHER THE ISSUER NOR THE AUTHORISED FINANCIAL INTERMEDIARIES WILL BE, OR SHALL BE DEEMED, LIABLE FOR ANY MATTER IN CONNECTION WITH ITS CONTENT. FOR THE AVOIDANCE OF DOUBT, NO SUCH VERIFICATION, OPINION, CERTIFICATION OR REPORT IS, OR SHALL BE DEEMED TO BE, INCORPORATED IN AND/OR FORM PART OF THE PROSPECTUS.

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01 DEFINITIONS

Capitalised words and expressions used in this Securities Note and which are defined in the Registration Document forming part of the Prospectus shall, except where the context otherwise requires and except where otherwise defined herein, bear the same meaning as the meaning given to such words and expressions in the Registration Document. Furthermore, in this Securities Note the following words and expressions shall bear the following meanings except where otherwise expressly stated or where the context otherwise requires:

Applicant/s	A person or persons whose name or names (in the case of joint applicants) appear in the registration details of an Application Form;
Application	The application to subscribe for Bonds made by an Applicant/s by completing an Application Form/s and delivering same to any of the Authorised Financial Intermediaries;
Application Forms	Application Form A and Application Form B, and "Application Form" means any one of them;
Application Form A	The application form for subscription for Bonds to be used by Preferred Applicants for the Preferred Amount during the Preferred Applicants' Offer Period, a specimen of which is contained in Annex I of this Securities Note;
Application Form B	The application form for subscription for Bonds to be used by investors in general, other than Preferred Applicants for the Preferred Amount, during the General Public Offer Period, a specimen of which is contained in Annex I of this Securities Note;
Authorised Financial Intermediaries	The financial intermediary/ies whose details appear in Annex II of this Securities Note;
Bond Issue Price	The nominal value of each Bond, namely €100 per Bond;
Climate Delegated Regulation	Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives;
CSD or Central Securities Depository	The Central Securities Depository of and operated by the Malta Stock Exchange set up and authorised in terms of the Financial Markets Act, 1990 (Chapter 345 of the Laws of Malta), or any other central securities depository appointed by the Issuer from time to time;
Event of Default	Shall have the meaning assigned to it in Section 7.10 of this Securities Note;

General Public Offer Period	The second part of the Offer Period immediately subsequent to the Preferred Applicants' Offer Period, namely the period commencing at 08:30 hours on 1 August 2023 and ending at 12:00 hours on 18 August 2023, both days included, during which investors may apply for subscription of Bonds other than applications for subscription of the Preferred Amount by Preferred Applicants;
Interest Payment Date	25 August of each year between and including each of the years 2024 and 2033, provided that if any such day is not a Business Day such Interest Payment Date will be carried over to the next following day that is a Business Day;
Issue Date	Expected on 1 September 2023;
Issuer and Guarantor Employees	Those persons employed by the Issuer or by the Guarantor as at the date of this Securities Note;
MIFID II	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (recast);
Preferred Amount	€5,000 in nominal value of Bonds, being the fixed amount of Bonds which may be applied for on a preferential basis by Preferred Applicants during the Preferred Applicants' Offer Period by using Application Form A;
Preferred Applicants	Issuer and Guarantor Employees;
Preferred Applicants' Offer Period	The first part of the Offer Period, namely the period commencing at 08:30 hours on 26 July 2023 and ending at 12:00 hours on 31 July 2023, both days included, during which Preferred Applicants may apply for subscription of the Preferred Amount of Bonds; and
Terms and Conditions	The terms and conditions of issue of the Bonds, set out in Sections 6, 7 and 9 of this Securities Note.

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

Unless it appears otherwise from the context:

- (a) words importing the singular shall include the plural and *vice-versa*;
- (b) words importing the masculine gender shall include also the feminine gender and *vice-versa*;
- (c) the word "may" shall be construed as permissive and the word "shall" shall be construed as imperative;
- (d) any references to a person includes natural persons, firms, partnerships, companies, corporations, associations, organizations, governments, states, foundations or trusts;
- (e) any phrase introduced by the term "including", "include", "in particular" or any similar expression is illustrative only and does not limit the sense of the words preceding the term; and
- (f) any references to a law, legislative act and/or other legislation shall mean that particular law, legislative act and/or legislation as in force at the time of issue of this Securities Note.

02 RISK FACTORS

THE VALUE OF INVESTMENTS FALL AS WELL AS RISE AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE.

AN INVESTMENT IN THE BONDS INVOLVES CERTAIN RISKS INCLUDING BUT NOT LIMITED TO THOSE DESCRIBED BELOW. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER WITH THEIR OWN FINANCIAL AND OTHER PROFESSIONAL ADVISORS THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS, AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THE PROSPECTUS, BEFORE MAKING ANY INVESTMENT DECISION WITH RESPECT TO THE ISSUER OR 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 RISK FACTORS BELOW HAVE BEEN CATEGORISED UNDER TWO MAIN CATEGORIES. THE RISK FACTOR FIRST APPEARING UNDER EACH CATEGORY CONSTITUTES THAT RISK FACTOR THAT THE DIRECTORS OF THE ISSUER HAVE ASSESSED TO BE THE MOST MATERIAL RISK FACTOR UNDER SUCH CATEGORY AS AT THE DATE OF THIS SECURITIES NOTE. IN MAKING THIS ASSESSMENT OF MATERIALITY, THE DIRECTORS OF THE ISSUER HAVE EVALUATED THE COMBINATION OF: (I) THE PROBABILITY THAT THE RISK FACTOR OCCURS; AND (II) THE EXPECTED MAGNITUDE OF THE ADVERSE EFFECT ON THE FINANCIAL CONDITION AND PERFORMANCE OF THE ISSUER AND ITS SECURITIES IF SUCH RISK FACTOR WERE TO MATERIALISE.

IF ANY OF THE RISKS DESCRIBED BELOW WERE TO MATERIALISE, THEY COULD HAVE A SERIOUS EFFECT ON THE VALUE, YIELD, REPAYMENT ABILITY OF THE ISSUER AND OTHER CHARACTERISTICS OF THE BONDS. THE RISKS DESCRIBED BELOW ARE THOSE THAT THE DIRECTORS BELIEVE TO BE MATERIAL AS AT THE DATE HEREOF, BUT THESE RISKS MAY NOT BE THE ONLY ONES AFFECTING THE BONDS. ADDITIONAL RISKS, INCLUDING THOSE WHICH THE DIRECTORS ARE NOT CURRENTLY AWARE OF, MAY WELL RESULT IN A MATERIAL IMPACT ON THE BONDS AND/OR THE BONDHOLDERS' RIGHTS THEREUNDER.

NEITHER THIS SECURITIES NOTE, NOR ANY OTHER PARTS OF THE PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION THEREWITH: (I) IS INTENDED TO PROVIDE THE BASIS OF ANY CREDIT OR OTHER EVALUATION OR (II) IS OR SHOULD BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER OR THE SPONSOR OR ANY OF THE AUTHORISED FINANCIAL INTERMEDIARIES THAT ANY RECIPIENT OF THIS SECURITIES NOTE OR ANY OTHER PART OF THE PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION THEREWITH, SHOULD PURCHASE ANY BONDS. ACCORDINGLY, PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN INDEPENDENT EVALUATION OF ALL RISK FACTORS AND SHOULD CONSIDER ALL OTHER SECTIONS IN THIS DOCUMENT AND IN THE PROSPECTUS BEFORE INVESTING IN THE BONDS.

Forward-looking Statements

This Securities Note contains statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, such as the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. Forward-looking statements relate to matters that are not historical facts. They appear in a number of places throughout the Prospectus, and documents incorporated therein by reference, and include statements regarding the intentions, beliefs or current expectations of the Issuer and, or the Directors concerning, amongst other things, the Issuer's and, or the Guarantor's strategy and business plans, capital requirements, results of operations, financial condition, liquidity, prospects, the markets in which it operates and general market conditions.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend

on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and should therefore not be construed as such. The Issuer's and, or the Guarantor's actual results of operations, financial condition and performance, and trading prospects may differ materially from the impression created by the forward-looking statements contained in the Prospectus. In addition, even if the results of operations, financial condition and performance, and trading results, of the Issuer and, or the Guarantor are consistent with the forward-looking statements contained in the Prospectus, those results or developments may not be indicative of results or developments in subsequent periods.

Potential investors are advised to read the Prospectus in its entirety and, in particular, all the risks set out in this section and in the section entitled "Risk Factors" in the Registration Document, for a review of the factors that could affect the Issuer's performance and an investment in the Bonds. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this document may not occur.

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

2.1 Risks relating to the Bonds

Suitability of the Bonds

An investment in the Bonds may not be suitable for all recipients of the Prospectus and prospective investors are urged to consult an investment advisor as to the suitability or otherwise of an investment in the Bonds before making an investment decision.

In particular, such advice should be sought with a view to ascertaining that each prospective investor:

- (a) has sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits, and risks of investing in the Bonds and the information contained or incorporated by reference in the Prospectus or any applicable supplement;
- (b) is able to assess whether the Bonds meet its investment objectives or its expectations regarding environmental, social, governance or other objectives or criteria;
- (c) 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;
- (d) understands thoroughly the terms of the Bonds; and
- (e) 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 its investment and its ability to bear the applicable risks.

An informed investment decision can only be made by investors after they have read and fully understood the risk factors associated with an investment in the Bonds, and the inherent risks associated with the Group's business. In the event that an investor does not seek professional advice and, or does not read and fully understand the provisions of the Prospectus, there is a risk that such investor may acquire an investment which is not suitable for his or her risk profile.

Risks relating to Green Bonds

It is the intention of the Issuer that the proceeds of the Bonds be applied in such projects, identified by the Issuer as Eligible Green Projects, as set out in Section 4.2 of this Securities Note relating to "Reasons for the offer and use of proceeds", as further supplemented by Section 5 of this Securities Note relating to "Alignment of the Issuer Green Bonds with the Green Bond Principles".

The use of proceeds of the Issuer Green Bonds may not be suitable for the investment criteria of a Bondholder. No assurance is given by the Issuer or its advisors that the use of an amount equal to the proceeds of the Issuer Green Bonds for any Eligible Green Projects will satisfy, in whole or in part, any present or future investor expectations or requirements regarding any investment criteria or guidelines with which such investor or its investments are required to comply, under any present or future applicable law or regulations or bye-laws or other governing rules or investment portfolio mandates, including those which are self-imposed or adopted by the investor itself, in particular with respect to any direct or indirect environmental, social, governance or other sustainability impact of any projects or uses.

The definition (legal, regulatory or otherwise) of a "green" or equivalently labelled project, as well as the market consensus for a particular project to be defined as such, is currently under development. The Taxonomy Regulation ((EU) 2020/852) was adopted on 18 June 2020, for the purpose of establishing a framework to facilitate sustainable investment, principally by establishing an EU-wide 'taxonomy' or classification system for environmentally sustainable economic activities, which provides companies, investors and policymakers with appropriate and common definitions for which economic activities can be considered environmentally sustainable. The Climate Delegated Regulation ((EU) 2021/2139), which entered into force on 1st January 2022, supplements the Taxonomy Regulation by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to the environmental objectives relating directly to climate and for determining whether that economic activity causes no significant harm to any of the other environmental objectives. However, further development of the Taxonomy Regulation is expected to take place, particularly through the development and adoption of technical screening criteria in respect of economic activities considered as contributing substantially to the other four environmental objectives, including in particular that relating to the "sustainable use and protection of water and marine resources" which is key for the Issuer's and the Group's activities.

While it is the intention that an amount equal to the proceeds of the Issuer Green Bonds is applied in the manner described in Section 4.2 of this Securities Note relating to "Reasons for the offer and use of proceeds" and Section 5 hereof relating to "Alignment of the Issuer Green Bonds with the Green Bond Principles" and as further described in the Green Bond Framework, the Eligible Green Projects identified in such Section 4.2 may not be capable of being implemented in or substantially in such manner and/or within any indicated timing schedule and that accordingly such proceeds may not be fully disbursed for the indicated Eligible Green Projects. Moreover, the Eligible Green Projects so indicated may, for various reasons including reasons outside the control of the Issuer or the Guarantor, not be completed within any indicated period or at all or may not be completed with the results or outcome (whether or not related to the environment) as originally expected or anticipated by the Issuer or the Guarantor. This may also lead to a withdrawal or reversal of any verification, opinion, certification or report previously obtained from or produced by the Accredited External Reviewer or any other third party in connection with the issue of the Issuer Green Bonds.

Any such event or failure by the Issuer or the Guarantor or withdrawal or reversal of any relevant verification, opinion, certification or report will not constitute an Event of Default under the Bonds or a default of the Issuer or the Guarantor for any purpose.

Any such event or failure and/or withdrawal or reversal as aforesaid may have a material adverse effect on the value and marketability of the Bonds and/or result in adverse consequences for Bondholders with portfolio mandates or requirements to invest in securities to be used for a particular purpose.

Trading and liquidity risks

There can be no assurance that an active secondary market for the Bonds will develop or, if it develops, that it will continue. Nor can there be any assurance that an investor will be able to sell his or her Bonds on the secondary market at or above the Bond Issue Price or at all. A trading market having the desired characteristics of depth, liquidity and orderliness depends on a number of factors including supply and demand factors in respect of the Bonds at any given time. These factors are in turn dependent upon the individual decisions of investors as well as market conditions over which the Issuer has no control. Many other factors outside the control of the Issuer may affect the trading market and value of the Bonds, including the time remaining to the maturity of the Bonds and the level, direction and volatility of market interest rates generally. 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 or a company within the Group will have on the market price of the Bonds prevailing from time to time.

Furthermore, the outbreak of the COVID-19 pandemic in 2020, has resulted in a highly volatile economy. Other pandemics or infectious diseases which may arise in future may have similar consequences on the market. The exact nature of the risks of such pandemics and infectious diseases for, and their negative impact on, national economies and on individual businesses, is difficult to forecast and to guard against and plan for, particularly in view of the uncertainty as to their respective duration and reach. This volatility may also increase as a result of wars or conflicts between countries, including the current Russia – Ukraine armed conflict. There can be no assurance that continued or increased volatility and disruption in the capital markets will not impair the saleability of the Bonds.

Interest rate risk

Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds. As at the date of this Securities Note, interest rates have gone through a gradual increase and are expected to continue rising to some extent. Fixed income debt securities are influenced predominantly by interest rate developments in the capital markets, which in turn are influenced by macro-economic factors. The price of bonds tends to move in a way that is inversely proportional to changes in interest rates. Accordingly, when prevailing market interest rates are rising, the prices that market participants will generally be willing to pay for the Bonds can be expected to decline. Conversely, if market interest rates are declining, secondary market prices for the Bonds will tend to rise, save for other factors which may affect price. Moreover, the price changes also depend on the term or residual time to maturity of the Bonds. In general, bonds with shorter terms have less price risks than bonds with longer terms.

Risks relating to inflation

Inflation remains at elevated levels when compared to the past decades. Inflation is the rising level of prices for goods and services. It can have two negative impacts on those who invest in bonds. Inflation typically leads to a rise in short-term interest rates, and intermediate and longer-term rates also tend to go up as a consequence. This rise in interest rates will lead to a fall in the prices of bonds. Furthermore, inflation can wipe away the yields generated by a bond, in view of the loss of purchasing power brought about by inflation.

Risks relating to the unsecured nature of the Bonds

The Bonds, as and when issued and allotted, shall constitute the general, direct, unsecured and unconditional obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves and, save for such exceptions as may be provided by applicable law, shall rank *pari passu* with all other unsecured and unsubordinated obligations of the Issuer. Any secured or privileged debts of the Issuer shall therefore rank at all times ahead of the obligations of the Issuer under the Bonds, as a result of which the Bondholders may not be able to recover their investment in the Bonds, whether in full or in part, in the case of insolvency or an equivalent situation. Furthermore, subject to the negative pledge clause set out in Section 7.3 of this Securities Note, third-party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer for so long as such security interests remain in effect.

Currency risk

Any investor whose currency of reference is not the Euro shall bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the Bondholder's currency of reference.

Continuing compliance obligations

Once the Bonds are listed, the Issuer is required to comply with certain ongoing requirements relating, inter alia, to the free transferability, clearance and settlement of the Bonds in order to remain a listed company in good standing. Moreover, the Malta Financial Services Authority has the authority to suspend trading or listing of the Bonds if, inter alia, it comes to believe that such a suspension is required for the protection of investors or the integrity or reputation of the market. The Malta Financial Services Authority may discontinue the listing of the Bonds on the MSE. Any such trading suspension or listing revocations / discontinuations could have a material adverse effect on the liquidity and value of the Bonds.

Changes in laws and regulations

The Terms and Conditions of the Bond Issue are based on the requirements of the Act and other laws, the Prospectus Regulation and the Capital Markets Rules in effect as at the date of the Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in Maltese law or administrative practice after the date of this Prospectus.

Amendments to Terms and Conditions

The Issuer may call a meeting of Bondholders in accordance with the provisions of this Securities Note in the event that it wishes to amend any of the Terms and Conditions of this Bond Issue. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

Ratings

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

2.2 Risks relating to the Guarantor and the Group and the Guarantee

Risks relating to the business of the Guarantor and the Group

The risk factors contained in Section 2.2 of the Registration Document, entitled “Risks relating to the Guarantor and the Group”, apply to the business of the Guarantor and the Group. If any of the risks mentioned in Section 2.2 of the Registration Document were to materialise, they may have a material adverse effect on the ability of the Guarantor to satisfy its obligations under the Issuer-Guarantor Loan due to the Issuer and under the Guarantee.

Risks relating to the Guarantee

The Bonds shall be guaranteed in respect of both the interest due and the Redemption Value by the Guarantor on a joint and several basis in terms of the Guarantee. Accordingly, the Bondholders shall be entitled to request the Guarantor to pay both the interest due and the Redemption Value under said Bonds if the Issuer fails to meet any amount, when due in terms of the Prospectus.

The Guarantee shall constitute a direct, and unconditional obligation of the Guarantor and, save for such exceptions as may be provided by applicable law, the Guarantor’s obligations under the Guarantee shall rank *pari passu* with all its other unsecured and unsubordinated obligations.

The strength of the undertakings on the part of the Guarantor under the Guarantee and therefore, the level of recoverability by the Bondholders from the Guarantor of any amounts due under any of the Bonds, is dependent upon and directly linked to the financial position and solvency of the Guarantor, which will be affected by the level of indebtedness and liabilities incurred by such Guarantor, as well as by other factors which may negatively impact such financial position and solvency.

03 PERSONS RESPONSIBLE AND CONSENT FOR USE

3.1 Persons Responsible

This document includes information given in compliance with the Capital Markets Rules and the Prospectus Regulation for the purpose of providing prospective investors with information with regard to the Bonds. All of the Directors of the Issuer, whose names appear under the heading “Directors of the Issuer” in Section 3.1 of the Registration Document, accept responsibility for the information contained in this Securities Note.

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

3.2 Consent for use of the Prospectus

Consent required in connection with the use of the Prospectus by the Authorised Financial Intermediaries:

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

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

None of the Issuer, the Sponsor, Manager and the Registrar or any of their respective advisors take any responsibility for any of the actions of any Authorised Financial Intermediary, including their compliance with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to a sale, resale or placement of Bonds.

Other than as set out above, neither the Issuer nor any of the advisors of the Issuer has authorised, nor do they authorise or consent to the use of this Prospectus in connection with, the making of any public offer of the Bonds by any person in any circumstances. Any such unauthorised offers are not made on behalf of the Issuer and neither the Issuer nor any of the Issuer's advisors has any responsibility or liability for the actions of any person making such offers.

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

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

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

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

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

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

04 ESSENTIAL INFORMATION

4.1 Interest of natural and legal persons involved in the Bond Issue

Without prejudice to the potential conflicts of interest of Directors disclosed in Section 9.5 of the Registration Document, and save for the subscription for and/or sale of Bonds by the Authorised Financial Intermediaries, which include the Sponsor, Manager and the Registrar, and any fees payable in connection with the Bond Issue to the Sponsor, Manager and the Registrar, so far as the Issuer is aware no person involved in the Bond Issue has an interest material to the Bond Issue.

4.2 Reasons for the offer and use of proceeds

The full proceeds from the Bond Issue will be used by the Issuer to provide a loan facility to the Guarantor, to be used as provided below (the "Issuer-Guarantor Loan"). The Issuer-Guarantor Loan will bear interest at 4.75% per annum payable on 10 August of each year, and the outstanding loan amount thereof shall be repayable by not later than 10 August 2033. Interest shall be payable on the full amount of the loan from inception, notwithstanding the date/s when such loan is drawn down, as provided below.

In turn, the Issuer-Guarantor Loan will be used by the Guarantor for the following purposes, in the amounts and order of priority set out below:

- (i) PV panels project: an amount of up to €6,000,000 will be used to finance the expected capital expenditure involved in procuring, installing and commissioning the new photovoltaic plants by the installation of photovoltaic panels on the reservoirs and other locations situated in various regions of Malta, namely the Luqa reservoir, the Guarantor's Luqa headquarters and lab offices, the Pembroke reverse osmosis plant, the Lapsi reverse osmosis plant, the Naxxar reservoir, the Barkat sewerage treatment plant, the Bulebel new warehouse and the Cirkewwa reverse osmosis plant, as described in more detail in Section 5.2 of the Registration Document under the heading "C. Renewable energy generation";
- (ii) Re-financing of part of Hondoq reverse osmosis plant project: an amount of up to €1,700,000 will be used to re-finance part of the costs incurred in connection with the development and commissioning of Hondoq ir-Rummien reverse osmosis plant as described in more detail in Section 5.2 of the Registration Document under the heading "Hondoq ir-Rummien Reverse Osmosis Plant", through the repayment of a portion of the outstanding overdraft facility due by the Guarantor to HSBC Bank Malta p.l.c. which has been used to pay contractors for works and services connected with such project;
- (iii) Ta' Barkat wastewater treatment plant aeration project: an amount of up to €2,000,000 will be used to finance the expected costs involved in upgrading the airblowers and the aeration system within Ta' Barkat wastewater treatment plant, as described in more detail in Section 5.2 of the Registration Document under the heading "B. Wastewater collection and treatment";

- (iv) Investment in reducing non-revenue water and improving billing efficiencies projects: an amount of up to €7,900,000 will be used to finance investments in projects aimed to further reduce non-revenue water and improve billing efficiencies, in particular the costs in connection with the purchase and commissioning of the upgrade to the Guarantor's Enterprise Resource Planning (ERP) – SAP system and the algorithmic software within such system so as to enhance its effectiveness in detecting real losses and to a greater extent apparent losses, as described in more detail in Section 5.2 of the Registration Document under the heading "Securing billing efficiency"; and
- (v) Investment in upgrading the water network and infrastructure projects: the remaining amount of €7,400,000 together with any residual amounts not utilised for the purposes identified in paragraphs (i) to (iv) above will be used to finance investments in continuing projects related to upgrading the water distribution network and infrastructure, in particular those connected with the repair, replacement, maintenance and where necessary rerouting or redesigning of such network and infrastructure, as described in more detail in Section 5.2 of the Registration Document under the heading "Water distribution network".

The projects referred to in paragraphs (i) to (v) above have been evaluated, assessed and selected by the Issuer, with the assistance of the Sustainability Committee, as being, and are deemed by it to be, Eligible Green Projects and have been verified as such by the Accredited External Reviewer. The verification report of the Accredited External Reviewer is available on the Issuer's website: www.clearflowplus.com.

The issue and final allotment of the Bonds is conditional upon the Bonds being admitted to the Green Bond List by not later than fifteen (15) Business Days from the closing of the Offer Period. In the event that such Condition Precedent is not satisfied, the Bond Issue proceeds shall be returned to the investors, as provided in Section 9.2 of this Securities Note. The funds will be held by the Registrar pending the satisfaction of such Condition Precedent or the return of investment monies to investors in case of non-satisfaction of such Condition Precedent.

It is expected that within fifteen (15) Business Days from the close of the Offer Period, subject to the satisfaction of the above-mentioned Condition Precedent and the final allocation of the Bonds, the Issuer and the Guarantor will enter into an agreement by virtue of which the Issuer will make and constitute the Issuer-Guarantor Loan to the Guarantor of an amount equivalent to the proceeds to the Bond Issue. Such proceeds shall however, following the satisfaction of the Condition Precedent referred to above, be forwarded by the Registrar to the Issuer, who shall credit the same to the Use of Proceeds Account. The Issuer shall at the request of the Guarantor pay out the proceeds of the Bond Issue so given on loan, and the Issuer-Guarantor Loan shall be drawn down by the Guarantor, by way of payments made against presentation of invoices or receipts for relevant works or services received from the relevant contractors in respect of the projects of the Guarantor to which the proceeds of the Bond Issue are intended to be used as set out above in this Section 4.2, and the whole process will be overseen and monitored by the Sustainability Committee of the Issuer, which shall track each transaction in an appropriate manner. This will ensure that the Bond proceeds are effectively used into the relevant pre-identified Eligible Green Projects for which they were intended. Without prejudice to the aforesaid, the Guarantor shall have the right to make an initial drawdown request, at any time after the execution of the agreement creating the Issuer-Guarantor Loan, for the full amount of such portion of the Issuer-Guarantor Loan which is intended to re-finance part of the Hondoq reverse osmosis plant project as set out in paragraph (ii) above, after the Issuer, with the assistance of the Sustainability Committee, has made the necessary tracking and verifications to its satisfaction that the portion of the outstanding bank overdraft facility being repaid has been effectively used to make payments in connection with the development and commissioning of Hondoq ir-Rummien reverse osmosis plant.

4.3 Funding of projects from other sources

Assuming that the Bond Issue is fully subscribed:

- (a) it is anticipated that the proceeds of such Bond Issue will be sufficient to fund the completion of the PV panels project and of the Ta' Barkat wastewater treatment plant aeration project mentioned in paragraphs (i) and (iii) of section 4.2 above;
- (b) the Hondoq reverse osmosis plant project mentioned in paragraph (ii) of Section 4.2 above cost approximately €12,000,000 and the amount to be refinanced out of the proceeds of the Bond Issue as mentioned in such paragraph (ii) constitutes only a minor portion (approximately 14%) of the full cost, with the remainder having been financed mainly by EU funds;
- (c) the cost of the upgrade to the Guarantor's Enterprise Resource Planning (ERP) – SAP system and the algorithmic software within such system specifically targeted by the use of Bond Issue proceeds referred to in paragraph (iv) of Section 4.2 below should be fully covered by the proceeds of such Bond Issue, albeit the Guarantor is continuously investing in projects to upgrade and maintain its IT and other systems with a view to continue reducing non-revenue water and improving billing efficiencies projects, which projects are typically funded by one or a combination of the sources of finance of the Guarantor set out in Section 6.2 of the Registration Document; and
- (d) the projects consisting of investment in upgrading the water network and infrastructure mentioned in paragraph (v) of Section 4.2 below are ongoing projects, and the costs thereof anticipated to be financed by the Bond Issue proceeds constitute only a portion of the costs involved in such ongoing projects, which costs are typically funded by one or a combination of the sources of finance of the Guarantor set out in Section 6.2 of the Registration Document.

4.4 Expenses

Professional fees, and costs related to publicity, advertising, printing, listing, registration, sponsor, manager and registrar fees, selling commission, and other miscellaneous expenses in connection with this Bond Issue are estimated not to exceed €500,000. There is no particular order of priority with respect to such expenses.

The expenses pertaining to the Bond Issue shall be borne by the Guarantor and shall not be financed by the proceeds of the Bond Issue and will not form part of the Issuer-Guarantor Loan.

05 ALIGNMENT OF THE ISSUER GREEN BONDS WITH THE GREEN BOND PRINCIPLES

The Issuer, together with its parent undertaking, Water Services Corporation, has developed a Green Bond Framework under which it can issue its Issuer Green Bonds as Green Bonds in terms of the Bye-Laws of the Malta Stock Exchange and to have them listed on the Exchange's Green Bond List in accordance with such Bye-Laws. The Green Bond Framework complies with the Green Bond Principles published by ICMA, aiming to align with market best practices and to provide transparency, disclosure, integrity, and quality in Green Bond reporting.

The framework adopts the four key pillars of the ICMA Green Bond Principles, which include:

- Use of Proceeds;
- Process for Project Evaluation and Selection;
- Management of Proceeds; and
- Reporting.

The application of these four pillars by the Issuer, in the context of the Issuer Green Bonds, is further explained below.

The current version of the Green Bond Framework is available on the Issuer’s website (<https://www.clearflowplus.com>). This may be amended or supplemented from time to time.

In developing the Green Bond Framework, the Issuer and the Guarantor have considered the local complementary guides to the ICMA standards, including the MSE Bye Laws and the EU Taxonomy under the Taxonomy Regulation.

Use of proceeds

The proceeds of the Bonds will be used in financing or (where applicable) re-financing of the projects listed in paragraphs (i) to (v) under Section 4.2 of this Securities, which have been selected by the Issuer on the basis of its assessment thereof as being Eligible Green Projects. Such assessment has been made with the assistance of the Sustainability Committee and has been confirmed by the verification of the Accredited External Reviewer.

The table below shows the main performance indicators of each project:

Eligible Green Project	Indicators
PV panels - Renewable Energy	<ul style="list-style-type: none"> • Reduction in Malta’s carbon footprint and greenhouse gas emissions. • Increase in renewable energy generation and decrease in reliance on fossil fuels. • Improved energy security for the island. • Contribution to the country’s climate change targets and commitments.
Hondoq reverse osmosis plant (part re-financing) – Water Management and Protection	<ul style="list-style-type: none"> • Reduction in energy consumption and carbon emissions compared to the previous desalination plant. • Increase in water quality and reduction in salinity levels and leading to improved taste and overall water quality. • Increased reliability and security of water supply for the island of Gozo. • Reduction in reliance on bottled water and the reduction in waste generation. • Greater water self-sufficiency.

Ta' Barkat wastewater treatment plant aeration – Operational efficiency	<ul style="list-style-type: none"> • Reduction in energy consumption and carbon emissions compared to the previous blowers. • Improved treatment efficiency and quality of the treated wastewater. • Reduction in maintenance costs and increased reliability of the equipment.
Investment in reducing non-revenue water and improving billing efficiencies – Operational efficiency	<ul style="list-style-type: none"> • Increased efficiency of the water distribution network. • Reduction in water losses and wastage, leading to increased water security and conservation of resources. • Improved billing accuracy and reduction in revenue losses.
Investment in upgrading the water network and infrastructure – Sustainable water management	<ul style="list-style-type: none"> • Reduction in water losses and wastage, leading to increased water security and conservation of resources. • Reduction in Malta's carbon footprint and greenhouse gas emissions resulting from the improved efficiency of the upgraded water network. • Improved water quality through the replacement of old, corroded pipes. • Increased reliability of the water distribution network.

The Eligible Green Projects to be financed or re-financed, in whole or in part, through the proceeds of the Bond Issue are deemed by the Issuer to contribute substantially to one of more of the environmental objectives set out in the Taxonomy Regulation and in accordance with the ICMA's Green Bond Principles, as set out in the table below:

Eligible Green Projects	Environmental objectives according to: Taxonomy Regulation and MSE Bye-Laws	Environmental objectives according to: Green Bond Principles
PV panels	Climate change mitigation	Climate change mitigation
Hondoq reverse osmosis plant (part re-financing)	Climate change mitigation	Climate change mitigation
Ta' Barkat wastewater treatment plant aeration	Climate change mitigation	Climate change mitigation
Investment in reducing non-revenue water and improving billing efficiencies	Sustainable use and protection of water and marine resources	Natural resource conservation
Investment in upgrading the water network and infrastructure	Climate change mitigation	Climate change mitigation

Process for Project Evaluation and Selection

All expenditure related to the projects for which the proceeds of the Bond Issue will be used will be approved by the Issuer's Board of Directors together with the Sustainability Committee. Some members within the Board and Sustainability

Committee will have representation on the Guarantor's board of directors to further enhance accountability, transparency and overall strategic direction.

Projects' approval is based on their relative merits including how they impact the company's long-term objectives determined in the company's strategy. The main principles considered in the decision-making process are aligned with their sustainability strategy and the National Investment Plan.

National Investment Plan

The Guarantor has compiled a 10-year National Investment Plan for the water and wastewater sector covering the years 2023 to 2033. The Plan provides a high-level outlook of the national prevailing and anticipated challenges for delivering water and wastewater services, identifying gaps in compliance with EU legislation and prioritising investments necessary to renew and upgrade the existing infrastructure. The Board of Directors, together with the Sustainability Committee, will be using the National Investment Plan as the guiding principle for project evaluation and selection in the process of carrying out the aforementioned investments.

The National Investment Plan identifies key issues with which the Eligible Green Projects will be prioritised, with the aim of directly addressing these matters. The following key water management issues were identified and addressed to safeguard a sustainable provision of water services, namely:

(1) Water's Contribution to the Economy:

Investing in the strengthening of the national production and distribution facilities to meet forecasted demand;

(2) Wastewater Treatment & Conveyance Infrastructure:

The channeling of investments toward the wastewater sector to support the development of sufficient wastewater collection and treatment capacity to address the projected wastewater production;

(3) Climate Change Mitigation and Adaptation:

Investing in water supply augmentation, wastewater network seawater intrusion mitigation, investments promoting better energy efficiency and increased water reserves; and

(4) Energy Efficiency in Water Services:

Investment in energy-efficient desalination and plans to curb sewer seawater infiltration and enhance energy efficiency in wastewater treatment.

Management of Proceeds

The proceeds arising from the Bond Issue will be managed by the Issuer's Sustainability Committee and administered by the treasury function within the Issuer's finance function. Funds raised will be accounted for in a separate bank account, the Use of Proceeds Account, of the Issuer and used to finance, re-finance or invest in Eligible Green Projects that were earmarked in line with the Green Bond Principles.

In so doing, the Issuer will loan out the proceeds to the Guarantor, through the Issuer-Guarantor Loan, which will be drawn down and paid out in staggered allocations and based upon the respective project completion status and payment terms

established within each contract, as set out in Section 4.2 of this Securities Note. The Issuer's finance team in conjunction with the Guarantor's Strategy and Reporting team, will report on a monthly basis all expenses recognised against the relevant Eligible Green Projects.

These expenses will also be accounted for in the Guarantor's capital budget, with each line item allocated on a separately identifiable CAPEX number. Progress of disbursement will also be reported monthly by the Guarantor's Performance Analysis & Control team with the rest of the Guarantor's capital expenditure budget. In addition, quarterly reviews with project owners are carried out to track the progress of upcoming commitments.

As part of the due diligence process when managing proceeds, all prospective bidders intending to carry out the relevant Eligible Green Projects will be made to submit their bids following an open call for tenders in line with the established public procurement regulations. Such bids will also be compliant to the Green Public Procurement regulations and will follow an internal adjudication process governed by ISO procedures.

Settlement of funds to successful suppliers carrying out the relevant Eligible Green Projects, will follow upon the established ISO payment procedures currently in use by the Guarantor.

Reporting

Reporting will take place one year following the issuance of the Bonds, and annually thereafter, until the proceeds of the Bonds have been fully allocated, and as necessary in case of material developments.

Allocation Report

This report will include the total amount of proceeds allocated to the Eligible Green Projects, the portion of proceeds used for financing, and the unallocated proceeds.

Impact Report

On an annual basis, the Issuer will prepare an Impact report subject to external accredited review certifying that the bonds remain eligible for Green Bond status. The Impact report will be in line with applicable legislation at the time to assess that the bonds remain eligible for Green Bond status. The Issuer may also additionally report on selected impact indicators of the Eligible Green Projects based on data and best practice. Key Performance Indicators will include 'inter alia' the overall net energy per unit of water production and the total portion of water billed.

External Review

The reporting will be subject to external verification by an independent Accredited External Reviewer post-issuance, which will also be available on the Issuer's website: www.clearflowplus.com.

The Issuer will notify the market, through a company announcement, if it becomes aware that the Bonds are no longer eligible for a Green Bond status in terms of the Bye-Laws of the Malta Stock Exchange, outlining the reasons for non-eligibility and remedial action being taken, as required by the said Bye-Laws.

06 OFFER STATISTICS

Issue:	€25,000,000 4.25% unsecured Bonds 2033.
Amount:	€25,000,000.
Form:	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.
Denomination (currency):	Euro (€).
ISIN:	MT0002751205.
Bond Issue Price:	At par, namely €100 per Bond.
Minimum amount per subscription:	Minimum of €5,000 and integral multiples of €100 thereafter, provided that the subscription amount to be applied for on a preferential basis by Preferred Applicants by using Application Form A shall be fixed at €5,000.
Offer Period:	<p>The period commencing at 08:30 hours on 26 July 2023 and ending at 12:00 hours on 18 August 2023, both days included, which shall consist of:</p> <p>(a) an initial fixed period, the Preferred Applicants' Offer Period, commencing at 08:30 hours on 26 July 2023 and ending at 12:00 hours on 31 July 2023, both days included, during which Preferred Applicants may apply for subscription of the Preferred Amount of Bonds; and</p> <p>(b) a subsequent period, the General Public Offer Period, commencing at 08:30 hours on 1 August 2023 and ending at 12:00 hours on 18 August 2023, both days included, during which investors may apply for subscription of Bonds other than applications for subscription of the Preferred Amount by Preferred Applicants, as the same may be closed earlier by the Issuer in the event of over-subscription, as provided in Section 9 below.</p>
Plan of Distribution:	<p>The Bonds are open for subscription by all categories of investors.</p> <p>Preferred Applicants may apply for the subscription of the Preferred Amount on a preferential basis over other applications by submitting an Application Form A, to be made available to them, to any of the Authorised Financial Intermediaries, during the Preferred Applicants' Offer Period.</p> <p>Investors in general, other than Preferred Applicants for the Preferred Amount, may apply for the subscription for Bonds by submitting an Application Form B, through any of the Authorised Financial Intermediaries, during the General Public Offer Period.</p>
Redemption Date:	25 August 2033.
Redemption Value:	At par, namely €100 per Bond.
Status of the Bonds:	The Bonds, as and when issued and allotted, shall constitute the general, direct, unsecured and unconditional obligations of the Issuer and shall at all times rank <i>pari passu</i> , without any priority or preference among themselves, and, save for such exceptions as may be provided by applicable law, shall rank <i>pari passu</i> with all other unsecured and unsubordinated obligations of the Issuer. The Bonds shall be guaranteed in respect of both the interest and the Redemption Value due under said Bonds by the Guarantor in terms of the Guarantee.
Guarantee	The joint and several guarantee dated 20 July 2023 granted by the Guarantor as security for the punctual performance of the Issuer's payment obligations under the Bond Issue.

Status of the Guarantee	The Guarantee shall constitute a direct, and unconditional obligation of the Guarantor and, save for such exceptions as may be provided by applicable law, the Guarantor's obligations under the Guarantee shall rank <i>pari passu</i> with all its other unsecured and unsubordinated obligations.
Listing:	The Malta Financial Services Authority has approved the Bonds for admissibility to listing and subsequent trading on the Green Bond List of the Malta Stock Exchange. Application has been made to the Malta Stock Exchange for the Bonds to be listed and traded on its Green Bond List.
Interest:	4.25% per annum, on the Nominal Value of each Bond.
Interest Payment Date(s):	Annually on 25 August as from 25 August 2024, being the first Interest Payment Date, with the last interest payment date being effected on the Redemption Date.
Governing Law:	The Bonds are governed by and shall be construed in accordance with Maltese law.
Jurisdiction:	The Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds and accordingly any legal action or proceedings arising out of or in connection with the Bonds shall be brought exclusively before the Maltese Courts.

07 INFORMATION CONCERNING THE SECURITIES TO BE ISSUED AND ADMITTED TO TRADING

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

7.1 General

Each Bond forms part of a duly authorised issue of 4.25% unsecured Bonds 2033 of a nominal value of €100 per Bond issued by the Issuer at par up to the principal amount of €25,000,000, except as otherwise provided under Section 7.12 of this Securities Note "Further Issues".

The Issue Date of the Bonds is expected to be 1 September 2023. The Bond Issue is guaranteed by the Guarantor. The Bonds are created under Maltese law.

- (a) The currency of the Bonds is Euro (€).
- (b) The Bonds are expected to be listed on the Green Bond List on or before 1 September 2023 and dealing can be expected to commence thereafter.
- (c) Subject to admission to listing of the Bonds to the Green Bond List of the MSE, the Bonds are expected to be assigned ISIN: MT0002751205.
- (d) Unless previously purchased and cancelled, the Bonds shall be redeemable at the Redemption Value on the Redemption Date.
- (e) The issue of the Bonds is made in accordance with the requirements of the Capital Markets Rules, the Act, and the Prospectus Regulation.

- (f) The minimum subscription amount of Bonds that can be subscribed for by an Applicant is €5,000 and in multiples of €100 thereafter, provided that the subscription amount to be applied for on a preferential basis by Preferred Applicants by using Application Form A shall be fixed at €5,000.
- (g) The Bond Issue is not underwritten.
- (h) There are no special rights attached to the Bonds other than the right of the Bondholders to the payment of the Redemption Value and interest and in accordance with the ranking specified in Section 7.3 hereunder.
- (i) All Applications shall be subject to the terms and conditions of the Bond Issue as set out in Section 9 hereunder, the terms of which shall form an integral part hereof.

7.2 Registration, form, denomination and title

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

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

When subscribing for Bonds, Bondholders who do not have an online e-portfolio account shall be registered by the CSD for the online e-portfolio facility and shall receive by mail at their registered address a handle code to activate the new e-portfolio login. The Bondholder's statement of holdings evidencing entitlement to Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Further detail on the e-portfolio is found on <https://eportfolio.borzamalta.com.mt/Help>.

The Bonds will be issued in fully registered form, without interest coupons, in denominations of any integral multiples of €100, provided that on subscription the Bonds will be issued for a minimum of €5,000 per individual Bondholder. Authorised Financial Intermediaries subscribing to the Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of €5,000 to each underlying client.

Any person in whose name a Bond is registered may, to the fullest extent permitted by applicable law, be deemed and treated at all times, by all persons, including the Issuer, and for all purposes, including the making of any payments, as the absolute owner of such Bond. Title to the Bonds may be transferred as provided below under the heading "Transferability of the Bonds" in Section 7.11 of this Securities Note.

7.3 Ranking of the Bonds, Guarantee and Negative Pledge

Status of the Bonds

The Bonds, as and when issued and allotted, shall constitute the general, direct, unsecured and unconditional obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves and, save for such exceptions as may be provided by applicable law, shall rank *pari passu* with all other unsecured and unsubordinated obligations of the Issuer. This means that any secured or privileged debts of the Issuer shall rank at all

times ahead of the obligations of the Issuer under the Bonds, as a result of which the Bondholders may not be able to recover their investment in the Bonds, whether in full or in part, in the case of insolvency or an equivalent situation. Furthermore, subject to the negative pledge clause set out below in this Section 7.3 of this Securities Note, third-party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer for so long as such security interests remain in effect.

Guarantee

The Bonds shall be guaranteed in respect of both the interest due and the Redemption Value by the Guarantor on a joint and several basis in terms of the Guarantee. Accordingly, the Bondholders shall be entitled to request the Guarantor to pay both the interest due and the Redemption Value under said Bonds if the Issuer fails to meet any amount, when due in terms of the Prospectus.

The Guarantee shall constitute a direct, and unconditional obligation of the Guarantor and, save for such exceptions as may be provided by applicable law, the Guarantor's obligations under the Guarantee shall rank *pari passu* with all its other unsecured and unsubordinated obligations.

A copy of the Guarantee is included in Annex III to this Securities Note.

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 is secured equally and rateably therewith, and the instrument creating such Security Interest so provides.

For the purposes hereof:

"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) amounts raised under any other transaction having the commercial effect of borrowing or raising of money; (E) 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 Security Interest securing any indebtedness of the Issuer created for the sole purpose of financing or raising finance for the redemption of the Bonds; (D) any other Security Interest (in addition to (A), (B) and (C) above) securing Financial Indebtedness of the Issuer, in an aggregate outstanding amount not exceeding 80% of the difference between the value of the Unencumbered Assets of the Issuer and the aggregate principal amount of Bonds outstanding at the time; provided that the aggregate Security Interests referred to in (B) and (D) above do not result in the Unencumbered Assets of the Issuer being less than the aggregate principal amount of the Bonds still outstanding plus one (1) year's interest thereon;

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

7.4 Rights attaching to the Bonds

This Securities Note in its entirety contains the Terms and Conditions of issue of the Bonds, which constitute the terms and conditions of the contract between the Issuer and a Bondholder. A Bondholder shall have such rights as are, pursuant to this Securities Note, attached to the Bonds, including:

- (a) the repayment of capital;
- (b) the payment of interest;
- (c) ranking with respect to other indebtedness of the Issuer in accordance with the provisions of Section 7.3 above;
- (d) seeking recourse from the Guarantor pursuant to the Guarantee, in case of failure by the Issuer to pay any sum payable by it to Bondholders pursuant to the Terms and Conditions of the Bonds;
- (e) the right to attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bond Issue; and
- (f) the enjoyment of all such other rights attached to the Bonds emanating from the Prospectus.

7.5 Interest

The Bonds shall bear interest from and including 25 August 2023 at the rate of 4.25% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date.

The first interest payment will be effected on 25 August 2024, covering the period 25 August 2023 to 24 August 2024, and then annually thereafter on 25 August of each calendar year, with the last interest payment being effected on the Redemption Date, covering the period from the day next succeeding the immediately preceding Interest Payment Date to the Redemption Date.

Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day.

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

7.6 Yield

The gross yield calculated on the basis of the interest on the Bonds, the Bond Issue Price and the Redemption Value of the Bonds at the Redemption Date is 4.25%.

7.7 Redemption and purchase

Unless previously purchased and cancelled the Bonds will be redeemed at the Redemption Value on, together with interest accrued up to, the Redemption Date.

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

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

7.8 Payments

Payment of the Redemption Value of Bonds will be made in Euro (€) by the Issuer to the person in whose name such Bonds are registered, with interest accrued up to the Redemption Date, by means of direct credit transfer into such bank account as the Bondholder designates in the Application Form and/or such other 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.

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

Payment of interest on 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.

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

No commissions or expenses shall be charged by the Issuer to Bondholders in respect of such payments.

7.9 Limits of the validity of claims

In terms of article 2156 of the Civil Code (Cap. 16 of the Laws of Malta), the right of Bondholders to bring claims for payment of interest and repayment of the Redemption Value on the Bonds is barred by the lapse of five years.

7.10 Events of Default

The Bondholders, holding not less than seventy-five percent (75%) of the outstanding Bonds, may give notice to the Issuer that the Bonds are, and shall accordingly immediately become, due and payable at their Redemption Value together with interest accrued on the occurrence of any of the following events (each an "Event of Default"):

- (a) the Issuer fails to pay any interest under the Bonds when due and such failure continues for a period of sixty (60) days after written notice thereof shall have been given to the Issuer by the Bondholders;
- (b) the Issuer fails to pay the Redemption Value of a Bond when due and such failure continues for a period of sixty (60) days after written notice thereof shall have been given to the Issuer by the Bondholders;
- (c) the Issuer fails 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;
- (d) there shall have been entered against the Issuer or the Guarantor a final judgment by a court of competent jurisdiction from which no appeal may be made or is taken for the payment of money in excess of €5,000,000 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;
- (e) the Issuer or the Guarantor is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes bankrupt or insolvent;
- (f) an order is made or an effective resolution is passed or other action is taken for the dissolution, termination of existence, liquidation or winding-up of the Issuer or the Guarantor, except for the purpose of a reconstruction, amalgamation or division;
- (g) the Issuer ceases or threatens to cease to carry on its business or a substantial part thereof;
- (h) it becomes unlawful at any time for the Issuer or the Guarantor to perform all or any of its respective obligations to pay the Redemption Value and/or interest hereunder, where applicable, or under the Guarantee; or
- (i) the Guarantee or any part thereof becomes unenforceable against the Guarantor.

Any notice to the Issuer as aforesaid, including any notice declaring Bonds due shall be made by means of a written declaration delivered by hand or registered mail to the registered office of the Issuer. Upon any such declaration being made as aforesaid the said applicable Redemption Value and interest accrued under the Bonds shall be deemed to have become immediately payable at the time of the Event of Default which shall have happened as aforesaid.

7.11 Transferability of the Bonds

The Bonds are freely transferable and, once admitted to the Green Bond List of the MSE, shall be transferable only in whole, namely in multiples of €100, in accordance with the rules and regulations of the MSE applicable from time to time. The minimum subscription amount of €5,000 shall only apply during the Offer Period. No minimum holding requirement shall be applicable once the Bonds are admitted to listing on the Green Bond List of the MSE and commence trading thereafter, subject to trading in multiples of €100.

Any person becoming entitled to a Bond in consequence of the death or bankruptcy or winding up of a Bondholder may, upon such evidence being produced as may from time to time properly be required by the Issuer or the CSD, elect either to be registered himself as holder of the Bond or to have some person nominated by him registered as the transferee thereof. If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the CSD a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered he shall testify his election by transferring the Bond, or procuring the transfer of the Bond, in favour of that person.

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

The cost and expenses of effecting any registration of transfer or transmission, except for the expenses of delivery by any means other than regular mail, if any, and except, if the Issuer shall so require, the payment of a sum sufficient to cover any tax, duty or other governmental charge or insurance charges that may be imposed in relation thereto, will be borne by the Issuer.

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

7.12 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, in which case such further issue may be consolidated and form a single series with the outstanding debt securities of the relevant series, or upon such terms as the Issuer may determine at the time of their issue.

7.13 Resolutions and meetings of Bondholders

The Bondholders' meeting represents the supreme authority of the Bondholders in all matters relating to the Bonds and has the power to make all decisions altering the terms and conditions of the Bonds.

Where the approval of the Bondholders is required for a particular matter, such resolution shall be passed at a Bondholders' meeting. Resolutions passed at Bondholders' meetings shall be binding upon all Bondholders and prevail for all the Bonds.

The Issuer may from time to time call meetings of Bondholders for the purpose of consultation with Bondholders or for the purpose of obtaining the consent of Bondholders on matters which in terms of the Prospectus require the approval of a Bondholders' meeting and to effect any change to the applicable Terms and Conditions of the Bonds. The meeting may be called by the Issuer at its own initiative. A meeting of Bondholders shall also be called by the Issuer on the requisition of a Bondholder or Bondholders holding in aggregate, at the date of the deposit of the requisition, not less than 75% in aggregate nominal value of Bonds then outstanding, which requisition shall state the objects of the meeting and shall be signed by the requisitioning Bondholder/s and deposited at the registered office of the Issuer. The Issuer must then proceed duly to convene a meeting of Bondholders within 21 days from the date of the deposit of the requisition that complies with the requirements of this section.

A meeting of Bondholders shall be called by the Directors by giving not less than fourteen (14) days' notice in writing to all Bondholders which are listed on the register of Bondholders as at a date being not more than 30 days preceding the date scheduled for the meeting. 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 to the Prospectus that is proposed to be voted upon at the meeting and seeking the approval of the Bondholders. Following a meeting of Bondholders held in accordance with the provisions contained hereunder, the Issuer shall, acting in accordance with the resolution(s) taken at the meeting, communicate to the Bondholders 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 7.13 at a meeting called for that purpose as aforesaid, any such decision shall subsequently be given effect to by the Issuer.

The amendment or waiver of any of the Terms and Conditions may only be made with the approval of Bondholders

at a meeting called and held for that purpose in accordance with the terms hereof: provided that the Guarantor shall have the power to veto any changes to the Terms and Conditions of the Bonds which are issued with the benefit of the Guarantee, limitedly in cases in which such amendments may give rise to changes in: (i) the amount payable by the Guarantor under the Guarantee; (ii) the term and/or frequency of such payments; (iii) the Events of Default listed in sub-section 7.10 of this Securities Note; and/or (iv) any other term which may otherwise increase the exposure of the Guarantor to the enforcement of the Guarantee.

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

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

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

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

The proposal placed before a meeting of Bondholders shall only be considered approved if at least 75% in nominal value of the Bondholders present at the meeting at the time when the vote is being taken, in person or by proxy, shall have voted in favour of the proposal.

The Issuer may provide for virtual or remote meetings of Bondholders, including meetings by telephone or by other audio or audio and visual telecommunication means, provided that any such meetings allow Bondholders to ask questions and to exercise their right to vote at such meetings.

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.

7.14 Bonds held jointly

In respect of a Bond held jointly by several persons, including husband and wife, the joint holders shall nominate one 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 first named in the register of Bondholders shall for all intents and purposes be deemed to be such nominated person by all the joint holders of the relevant Bond/s. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Bond/s so held.

7.15 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. Without prejudice to what is provided in Section 7.8 of this Securities Note regarding payment of the Redemption Value, the usufructuary shall, for all intents and purposes, be deemed vis-à-vis the Issuer to be the holder of the Bond so held and shall have the right to receive interest on the Bond and to vote at meetings of the Bondholders but shall not, during the continuance of the Bond, have the right to dispose of the Bond so held without the consent of the bare owner.

7.16 Authorisations and approvals

The Board of Directors of the Issuer authorised the Bond Issue pursuant to a Board of Directors' resolution passed on 19 July 2023. The Guarantee being given by the Guarantor in respect of the Bonds has been authorised by a resolution of the directors of the Guarantor dated 19 July 2023.

The Malta Financial Services Authority approved the Bonds as eligible to listing on the Green Bond List of the MSE pursuant to the Capital Markets Rules by virtue of a letter dated 20 July 2023.

7.17 Representations and warranties

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

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

7.18 Notices

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

7.19 Governing law and jurisdiction

The Bonds, all the rights and obligations of the Issuer and the Bondholder, and any non-contractual matters arising out of or in connection therewith, shall be governed by and construed in accordance with Maltese law.

Any dispute, legal action, suit or proceedings against the Issuer or the Guarantor arising out of or in connection with the Bonds and/or the Prospectus and/or any non-contractual matters arising out of or in connection therewith shall be brought exclusively before the Maltese courts. The Issuer and each Bondholder irrevocably submits to the exclusive jurisdiction of the Courts of Malta to hear and determine any dispute, action, suit or proceedings as aforesaid.

08 TAXATION

Investors and prospective investors are urged to seek professional advice as regards both Maltese and any foreign tax legislation which may be applicable to them in respect of the Bonds, including their acquisition, holding and transfer as well as on any income derived therefrom or on any gains derived on the transfer of such Bonds. The tax legislation of the investor's country of nationality, residence or domicile and of the Issuer's country of incorporation (Malta) may have an impact on the income received from the Bonds.

The following is a summary of the anticipated tax treatment applicable to Bondholders in so far as taxation in Malta is concerned. This information does not constitute legal or tax advice and does not purport to be exhaustive.

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

This information is being given solely for the general information of investors. The precise implications for investors will depend, among other things, on their particular circumstances and on the classification of the Bonds from a Maltese tax perspective, and professional advice in this respect should be sought accordingly.

8.1 Malta tax on interest

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

This withholding tax is considered as a final tax and a Maltese resident individual Bondholder is not obliged to declare the interest so received in his income tax return, to the extent that the interest is paid net of tax. No person shall be charged to further tax in respect of such income. Furthermore, such tax should not be available as a credit against the recipient's tax liability or for a refund, as the case may be, for the relevant year of assessment in Malta. The Issuer is required to submit to the Maltese Commissioner for Revenue the tax withheld by the fourteenth day following the end of the month in which the payment is made. The Issuer shall also render an account to the Maltese Commissioner for Revenue of all amounts so deducted, including the identity of the recipient.

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

In terms of article 12(1)(c)(i) 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.

8.2 Exchange of information

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

Relevant legislation includes, but is not limited to:

- (i) the Agreement between the Government of the United States of America and the Government of the Republic of Malta to Improve International Tax Compliance and to Implement FATCA ("Foreign Account Tax Compliant Act") – incorporated into Maltese law through Legal Notice 78 of 2014 ("FATCA Legislation"); and
- (ii) the implementation of Directive 2011/16/EU on Administrative Cooperation in the field of Taxation, as amended, which provides for the implementation of the regime known as the Common Reporting Standard ("CRS") – incorporated into Maltese law through Legal Notice 384 of 2015 entitled the Cooperation with Other Jurisdiction on Tax Matters (Amendment) Regulations, 2015.

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

Pursuant to obligations under FATCA Legislation, FIs reserve the right to store, use, process, disclose and report any required information, including all current and historical data related to the past and/or present account(s) held by Reportable Persons, including, but not limited to, the name, address, date of birth, place of birth and US TIN, the details of any account transactions, the nature, balances and compositions of the assets held in the account, to the Commissioner for Revenue.

The CRS requires Malta based financial institutions ("FIs"), defined as such for the purposes of CRS, to identify and report to the Commissioner for Revenue financial accounts held by Reportable Persons, as defined under the CRS Legislation, and certain entities with one or more Controlling Persons which are classified as Reportable Persons in terms of the CRS. Financial information relating to Bonds and the holders of the Bonds may fall within the purview of CRS and may be subject to reporting and information exchange provisions.

In particular with respect to CRS, the following information may be reported by FIs to the Commissioner for Revenue in respect of each reportable account maintained by the FIs, (a) the name, address, jurisdiction of tax residence, tax identification number (TIN) and date and place of birth; (b) the account number, or functional equivalent in the absence of an account number; (c) the account balance or value as of the end of the relevant calendar year or other appropriate reporting period or, if the account was closed during such year or period, the closure of the account; (d)

the total gross amount paid or credited to the account holder with respect to the account during the calendar year or other appropriate reporting period with respect to which the FI is the obligor or debtor, including the aggregate amount of any redemption payments made to the account holder during the calendar year or other appropriate reporting period.

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

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

8.3 Maltese tax on capital gains on transfer of the Bonds

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

8.4 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. A marketable security is defined in the said legislation as “a holding of share capital in any company and any document representing the same”. Consequently, the Bonds should not be treated as constituting marketable securities within the meaning of the legislation and therefore, the transfer/ transmission thereof should not be chargeable to duty.

Furthermore, even if the Bonds are considered marketable securities for the purposes of the Duty on Documents and Transfers Act, in terms of article 50 of the Financial Markets Act (Cap. 345 of the Laws of Malta) since the Bonds constitute financial instruments of a quoted company, as defined in such Act, redemptions and transfers of the Bonds should, in any case, be exempt from duty.

Investors and prospective investors are urged to seek professional advice as regards both maltese and any foreign tax legislation applicable to the acquisition, holding and disposal of bonds as well as interest payments made by the issuer. The above is a summary of the anticipated tax treatment applicable to the bonds and to bondholders under maltese law. 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.

09 TERMS AND CONDITIONS OF THE BOND ISSUE

9.1 Expected timetable

1	Application Forms available:	26 July 2023
2	Offer Period, which includes the Preferred Applicants' Offer Period in 2a below and the General Public Offer Period in 2b below (may close earlier as determined by the Issuer)*:	26 July 2023 to 18 August 2023
2a	Preferred Applicants' Offer Period (fixed and will not close earlier):	26 July 2023 to 31 July 2023
2b	General Public Offer Period (may close earlier as determined by the Issuer)*:	1 August 2023 to 18 August 2023
3	Commencement of interest:	25 August 2023
4	Announcement of basis of acceptance:	25 August 2023
5	Refunds of unallocated monies (if any):	1 September 2023
6	Dispatch of allotment letters:	1 September 2023
7	Expected date of admission of Bonds to listing:	1 September 2023
8	Expected date of commencement of trading in the Bonds:	4 September 2023

*The Issuer reserves the right to close the General Public Offer Period and thus the Offer Period earlier in the event of over-subscription, in which case the remaining events set out in steps 3 onwards may be brought forward and will take place in the same chronological order as set out above. The Preferred Applicants' Offer Period will be fixed for the period indicated above and may not be closed earlier.

9.2 Terms and conditions of Application

The following terms and conditions shall be read in conjunction with all the other terms and conditions relative to and regulating the contractual relationship created between the Issuer and the Applicant.

- (a) The issue and final allotment of the Bonds is conditional upon the Bonds being admitted to the Green Bond List of the MSE. In the event that this Condition Precedent is not satisfied within fifteen (15) Business Days from the closing of the Offer Period, any Application monies received by the Issuer will be returned without interest by direct credit into the Applicant's bank account indicated by the Applicant on the relative Application Form. The Issuer shall not be responsible for any charges, loss or delay in transmission.
- (b) Preferred Applicants who wish to subscribe for the Preferred Amount of Bonds on a preferential basis to other investors may do so by completing an Application Form A and submitting the same to an Authorised Financial Intermediary during the Preferred Applicants' Offer Period and by not later than 12:00 hours on 31 July 2023. Application Forms A will be made available to Preferred Applicants by the Issuer as from 26 July 2023. An Application Form A may only be made for a fixed amount of Bonds, namely the Preferred Amount (€5,000 in nominal value) and may not be made for a lower or higher amount. Preferred Applicants may nonetheless apply for further Bonds or otherwise for Bonds on a non-preferential basis by using an Application Form B, but no preferential treatment shall be guaranteed to them in respect of such application, in respect of which they shall be subject to the allocation policy to be determined by the Issuer.

Members of the general public who wish to subscribe for Bonds, other than Preferred Applicants in respect of the subscription for the Preferred Amount, are to contact any of the Authorised Financial Intermediaries through whom they may participate in the Bond Issue. Such investors may apply for the subscription of Bonds by submitting a duly completed Application Form B to an Authorised Financial Intermediary during the General Public Offer Period and by not later than 12:00 hours on 18 August 2023 or such earlier date as may be determined by the Issuer in case of over-subscription. Application Forms B will be available from the Authorised Financial Intermediaries as from 26 July 2023.

- (c) By submitting an Application Form, the Applicant is thereby confirming to the Issuer, the Registrar and the Authorised Financial Intermediary through whom the Application is made, that the Applicant's remittance will be honoured on first presentation and agrees that, if such remittance is not so honoured on its first presentation, the Issuer, the Registrar and the Authorised Financial Intermediary reserve the right to invalidate the relative Application. Furthermore the Applicant will not be entitled to receive a registration advice or to be registered in the register of Bondholders, unless the Applicant makes payment in cleared funds and such consideration is accepted by the respective Authorised Financial Intermediary, which acceptance shall be made in the Authorised Financial Intermediary's absolute discretion and may be on the basis that the Applicant indemnifies the Authorised Financial Intermediary against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of the Applicant's remittance to be honoured on first presentation.
- (d) The contract created by the Issuer's acceptance of an Application filed by a prospective Bondholder through an Authorised Financial Intermediary shall be subject to all the Terms and Conditions set out in this Securities Note and the Memorandum and Articles of Association of the Issuer. By signing and submitting the Application, the Applicant, and in the case of joint applications, each individual joint Applicant, will be entering into a legally binding contract with the Issuer, which shall become binding on the Issuer if and when such Application is accepted by the Issuer, until which time the Application shall be irrevocable by the Applicant, except where otherwise expressly provided by law:
- (i) whereby the Applicant acknowledges, declares and agrees, and will automatically be deemed to be acknowledging, declaring and agreeing, that he/she/it has made the Application solely on the basis of, and that he/she/it shall at all times be bound by and comply with, and shall be subscribing, acquiring and/or holding the relevant Bonds on the basis of, such Terms and Conditions;
 - (ii) whereby he/she/it makes and gives, and will automatically be deemed to be making and giving, to the Issuer the declarations, confirmations, representations, warranties and undertakings contained in paragraph (u) below in this Section 9.2 and all other applicable declarations, confirmations, representations, warranties and undertakings contained in the Prospectus and/or in the Application;
 - (iii) which contract, and any non-contractual matter arising out of or in connection with it, shall be governed and construed in all respects in accordance with the laws of Malta, and any disputes arising out of or in connection with such contract or any non-contractual matter arising out of or in connection therewith shall be subject to the exclusive jurisdiction of the courts of Malta, as provided in Section 7.19 ("Governing law and jurisdiction") of this Securities Note.
- (e) If an Application is submitted on behalf of another person, whether legal or natural, the person submitting such Application shall be deemed to have duly bound such other person, whether legal or natural, on whose behalf the Application has been submitted. The person submitting such Application shall be deemed also to have given the declarations, confirmations, representations, warranties and undertakings contained in these terms and conditions, in the Prospectus and/or in the Application on their behalf. Such representative may be requested to submit the relative power of attorney, or resolution or a copy thereof duly certified by a lawyer or notary public if so required by the Issuer and the Registrar, but it shall not be the duty or responsibility of the Registrar or Issuer to ascertain that such representative is duly authorised to submit an Application. In the case of corporate Applicants or Applicants having separate legal personality, Applications have to include a valid legal entity identifier (LEI) which must be unexpired; and Applications without such information or without a valid LEI will not be accepted. Furthermore, in cases where the decision to invest is taken by a third party authorised to transact on behalf of the Applicant (a "decision maker") such as an individual that holds a power of attorney to trade on the Applicant's account or applications under a discretionary account, details of the decision maker need to be made available.
- (f) 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 as further detailed in Section 7.14 ("Bonds held jointly") of this Securities Note.
- (g) In respect of a Bond held subject to usufruct, the name of the bare owner and the usufructuary shall be entered in the register. Reference is made to Section 7.8 ("Payments") and Section 7.15 ("Bonds held subject to usufruct") of this Securities Note. The usufructuary shall, for all intents and purposes, be deemed vis-à-vis the Issuer to be the holder of the Bond/s so held and shall have the right to receive interest on the Bond/s and to vote at meetings of the Bondholders but shall not, during the continuance of the Bond/s, have the right to dispose of the Bond/s so held

without the consent of the bare owner, and shall not be entitled to the payment of the Redemption Value on the Bond, which shall be due to the bare owner or as otherwise indicated in the joint instructions of all bare owners and usufructuaries.

- (h) Applications in the name and for the benefit of minors shall be allowed provided that the Applicant already holds an account with the MSE. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption monies payable to the parents / legal guardian/s until such time as the minor attains legal age, 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 legal age.
- (i) It shall not be incumbent on the Registrar or the Issuer to verify the signatory/ies on any Application Form submitted.
- (j) The Bonds have not been nor will they be registered under the United States Securities Act, 1933 as amended, or under any federal or state securities law and may not be offered, sold or otherwise transferred, directly or indirectly, in the United States of America, its territories or its possessions, or any area subject to its jurisdiction (the "United States") or to or for the benefit of, directly or indirectly, any U.S. Person, as defined in Regulation "S" of the said Act. Furthermore, the Issuer will not be registered under the United States Investment Company Act, 1940.
- (k) No person receiving a copy of the Prospectus or an Application Form in any territory other than Malta may treat the same as constituting an invitation or offer to such person nor should such person in any event use the Application Form or the Prospectus or make an Application, unless, in the relevant territory, such an invitation or offer could lawfully be made to such person or the Prospectus could lawfully be used and the Application could lawfully be made without contravention of any registration or other legal requirements.
- (l) Subscription for Bonds by persons resident in, or who are citizens of, or who are domiciled in, or who have a registered address in, a jurisdiction other than Malta, may be affected by the law of the relevant jurisdiction. Those persons should consult their professional advisors, including tax and legal advisors, as to whether they require any governmental or other consents, or need to observe any other formalities, to enable them to subscribe for the Bonds. It is the responsibility of any person, including without limitation nominees, custodians, depositaries and trustees, outside Malta wishing to participate in the Bond Issue, to satisfy himself/herself/itself as to full observance of the applicable laws of any relevant jurisdiction, including, but not limited to, obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any transfer or other taxes of any nature whatsoever due in such territories. The Issuer shall not accept any responsibility for the non-compliance by any person of any applicable laws or regulations of foreign jurisdictions.
- (m) The Bonds will be issued in multiples of €100. The minimum subscription amount of Bonds that can be subscribed for by Applicants is €5,000, provided that the subscription amount to be applied for on a preferential basis by Preferred Applicants by using Application Form A shall be fixed at €5,000. The completed Application Forms are to be lodged with any of the Authorised Financial Intermediaries by the time limits set out in paragraph (b) above. Submission of Application Forms must be accompanied by the full price of the Bonds applied for, in Euro. Payment may be made either by cheque, by bank transfer or any other method of payment as may be accepted by the respective Authorised Financial Intermediary. In the event that any cheque accompanying an Application is not honoured on its first presentation, the Authorised Financial Intermediary and/or the Issuer acting through the Registrar reserves the right to invalidate the relative Application.
- (n) Subject to all other terms and conditions set out in the Prospectus, the Issuer, the Registrar and the relevant Authorised Financial Intermediary reserve 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, the Registrar or Authorised Financial Intermediary is not properly completed in all respects in accordance with the instructions on the Application Form and/or the Prospectus and/or which is not accompanied by the required documents.
- (o) Without prejudice to the generality of paragraph (n) above, the Issuer reserves the right, in its discretion, to reject all Applications and revoke the issue and not to allot any Bonds if the Bond Issue is not fully subscribed and taken up during the Offer Period. The Issuer may however, in its discretion, accept Applications made and proceed with the

issue and allotment of the Bonds in case the Bond Issue is subscribed only in part during the Offer Period, whatever the amount so subscribed.

- (p) Without prejudice to paragraphs (n) and (o) above, the Issuer reserves the right to revoke the issue at any time before the closing of the Offer Period. The circumstances in which such revocation might occur are expected to be exceptional, for example where a significant change in market conditions occurs.
- (q) The Offer Period shall close immediately upon attaining full subscription or on the last day of the Offer Period, whichever is the earlier. By not later than 25 August 2023, the Issuer shall, through an announcement to be uploaded on the Issuer's website, namely www.clearflowplus.com, announce the result of the Bond Issue and shall determine the basis of acceptance of Applications and allocation policy to be adopted.
- (r) In the event that an Applicant has not been allocated any Bonds or has been allocated a number of Bonds which is less than the number applied for (and the Issuer reserves the right to do so in case of oversubscription or otherwise in its absolute discretion), the Applicant shall receive a full refund or, as the case may be, the balance of the price of the Bonds applied for but not allocated, without interest, by credit transfer to such account indicated in the Application Form, at the Applicant's sole risk. The respective Authorised Financial Intermediary or the Issuer shall not be responsible for any charges, loss or delay in transmission.
- (s) For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations (Legal Notice 372 of 2017, as subsequently amended), all Authorised Financial Intermediaries are under a duty to communicate, upon request, all information about clients as is mentioned in Articles 1.2(d) and 2.4 of the "Members' Code of Conduct" appended as Appendix 3.6 of the MSE Bye-Laws, irrespective of whether the Authorised Financial Intermediaries are Exchange Members or not. Such information shall be held and controlled by the Malta Stock Exchange in terms of applicable data protection legislation, in particular the Data Protection Act (Cap. 586 of the laws of Malta) and the General Data Protection Regulation (GDPR)(EU) 2016/679, as amended from time to time, as applicable, for the purposes, and within the terms, of the MSE's Data Protection Policy as published from time to time.
- (t) It shall be incumbent on the respective Authorised Financial Intermediary to ascertain that all other applicable regulatory requirements relating to subscription of Bonds by an Applicant are complied with, including without limitation the obligation to comply with all applicable requirements set out in Regulation (EU) No. 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No. 648/2012 ("MiFIR"), as well as applicable MFSA Rules for investment services providers.
- (u) By completing, signing and delivering and/or otherwise by making an Application, the Applicant:
 - (i) irrevocably offers to purchase the number of Bonds specified in his/her/its Application, or any smaller number for which the Application is accepted, at the Bond Issue Price subject to the Prospectus, the Terms and Conditions and the Memorandum and Articles of Association;
 - (ii) agrees and acknowledges to have had the opportunity to read the Prospectus and to be deemed to have had notice of all information and representations concerning the Issuer and the Guarantor and the issue of the Bonds contained therein;
 - (iii) authorises the Issuer, the Authorised Financial Intermediary and/or the Registrar and the MSE, as applicable, to process the personal data that the Applicant provides, for all purposes necessary and subsequent to the Bond Issue applied for, in accordance with the Data Protection Act (Cap. 586 of the laws of Malta) and the General Data Protection Regulation (GDPR) (EU) 2016/679, as may be amended from time to time. The Applicant has the right to request access to and rectification of the personal data relating to him/her as processed in relation to the Bond Issue, in terms of applicable law. Any such request must be made in writing and sent, as applicable, to the Issuer and the relevant Authorised Financial Intermediary and to the MSE. The request must further be signed by the Applicant to whom the personal data relates;
 - (iv) warrants that the information submitted by the Applicant in or together with the Application Form is true and correct in all respects. All Applications need to include a valid MSE account number in the name of the Applicant. Failure to include an MSE account number will result in the Application being cancelled by the Issuer (acting through the Registrar) and subscription monies will be returned to the Applicant in accordance with paragraph (r) above. In the

event of a discrepancy between the personal details, including the Applicant's name and surname and address, appearing on the Application and those held by the MSE in relation to the MSE account number indicated on the Application, the details held by the MSE shall be deemed to be the correct details of the Applicant;

- (v) confirms that in making such Application no reliance was placed on any information or representation in relation to the Issuer, the Guarantor or the issue of the Bonds other than what is contained in the Prospectus and accordingly agree/s that no person responsible solely or jointly for the Prospectus or any part thereof will have any liability for any such other information or representation;
- (vi) authorises the CSD, the Registrar and the Issuer to include his/her/its name or in the case of joint Applications, the first named Applicant, in the register of Bondholders in respect of the Bonds allocated to the Applicant;
- (vii) warrants that the remittance will be honoured on first presentation and agrees that, if such remittance is not so honoured: (a) the Applicant will not be entitled to receive a registration advice or to be registered in respect of such Bonds, unless and until a payment is made in cleared funds for such Bonds and such payment is accepted by the respective Authorised Financial Intermediary or by the Issuer acting through the Registrar, which acceptance shall be made in its absolute discretion and may be on the basis that the Authorised Financial Intermediary or the Issuer acting through the Registrar is indemnified for all costs, damages, losses, expenses and liabilities arising out of, or in connection with, the failure of the Applicant's remittance to be honoured on first presentation at any time prior to unconditional acceptance by the Issuer acting through the Registrar of such late payment in respect of the Bonds; or (b) the Issuer may, without prejudice to other rights, treat the agreement to allocate such Bonds as void and may allocate such Bonds to another person, in which case the Applicant will not be entitled to a refund or payment in respect of such Bonds, other than return of such late payment, if any;
- (viii) agrees that the registration advice and other documents and any monies returnable to the Applicant may be retained pending clearance of his/her remittance and any verification of identity as required by the Prevention of Money Laundering Act (Cap. 373 of the Laws of Malta) and regulations made thereunder, and that such monies will not bear interest;
- (ix) agrees to provide the Registrar and/or the Issuer and/or the Authorised Financial Intermediary, as the case may be, with any information which it/they may request in connection with the Application;
- (x) warrants, in connection with the Application, to have observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with his/her Application in any relevant territory, and that the Applicant has not taken any action which will or may result in the Issuer or the Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Bond or his/her Application;
- (xi) warrants that all applicable exchange control or other such regulations, including those relating to external transactions, have been duly and fully complied with;
- (xii) represents that the Applicant is not a U.S. person, as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended, as well as not to be accepting the invitation set out in the Prospectus from within the United States of America, its territories or its possessions, or any area subject to its jurisdiction (the "United States") or on behalf or for the account of anyone within the United States or anyone who is a U.S. person;
- (xiii) warrants that, where an Applicant makes an Application on behalf of another person or on behalf of a corporation or corporate entity or association of persons, the Applicant is duly authorised to do so and such person, corporation, corporate entity, or association of persons will also be bound accordingly and accordingly will be deemed also to have given the declarations, confirmations, representations, warranties and undertakings contained in these Terms and Conditions, in the Prospectus and/or in the Application, and undertakes to submit the Applicant's power of attorney or a copy thereto duly certified by a lawyer or notary public if so required by the Issuer or the Registrar;
- (xiv) warrants that where the Application is being lodged in the name and for the benefit of a minor, the Application is made by the parent/s or legal guardian/s of the minor;

- (xv) agrees that all documents in connection with the issue of the Bonds will be sent at the Applicant's own risk and may be sent by post at the address, or, in the case of joint Applications, the address of the first named Applicant, as set out in the Application;
- (xvi) agrees that any returned monies will be returned without interest at the Applicant's risk and will be returned by direct credit into the bank account as specified in the Application Form, and the relevant Authorised Financial Intermediary and the Issuer shall not be responsible for any charges, loss or delay arising in connection therewith;
- (xvii) 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;
- (xviii) agrees that the advisors to the Bond Issue listed in Section 3.4 of the Registration Document, in their capacity as such, will owe the Applicant no duties or responsibilities concerning the Bonds or their suitability for the Applicant;
- (xix) agrees that the Application, the acceptance of the Application and the contract resulting therefrom, all the rights and obligations of the Applicant and the Issuer, and any non-contractual matters arising out of or in connection therewith, shall be governed by and construed in accordance with Maltese law and, and that he/she/it submits to the jurisdiction of the Maltese Courts which shall have, and the Applicant agrees that such Courts will have, exclusive jurisdiction to hear and determine any dispute, action, suit or proceeding arising out of or in connection with any such Application, acceptance of Application and contract resulting therefrom, rights and obligations and non-contractual matters as aforesaid.

9.3 Plan of distribution and allotment

The Bonds will be available for subscription by all categories of investors, subject always to the allocation preference which shall be given to Preferred Applicants in respect of the Preferred Amount applied for by them.

The Issuer has reserved an amount in nominal value of Bonds equal to the Preferred Amount multiplied by the number of Preferred Applicants as of the date of this Securities Note, which shall be approximately €5.4 million, for subscription by Preferred Applicants on a preferential basis over other Applicants, which preference shall however apply only up to the Preferred Amount per Preferred Applicant. Preferred Applicants who wish to avail themselves of such preferred allocation are to submit a duly completed Application Form A through an Authorised Financial Intermediary during the Preferred Applicants' Offer Period.

The remaining amount of Bonds plus any amount reserved for Preferred Applicants as aforesaid but not taken up by such Preferred Applicants, shall be made available for subscription by any investors, including Preferred Applicants if and to the extent that they wish to apply for subscription of Bonds in excess of the Preferred Amount or otherwise on a non-preferential basis, by submitting a duly completed Application Form B through an Authorised Financial Intermediary by not later than the close of the General Public Offer Period.

Applications shall in all cases be made through any of the Authorised Financial Intermediaries. All Applications are subject to a minimum subscription amount of €5,000 in nominal value of Bonds and in multiples of €100 thereafter. Authorised Financial Intermediaries subscribing to the Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of €5,000 to each underlying client. Applications on Application Forms A by Preferred Applicants are fixed for the subscription amount of €5,000.

It is expected that Applicants will be notified of the amount of Bonds allocated to them respectively by means of an allotment letter to be sent within five (5) Business Days of the announcement of the result of the Bond Issue and of the allocation policy to be adopted. The registration advice, other documents and any monies returnable to Applicants may be retained pending clearance of the remittance and any verification of identity as required by the Prevention of Money Laundering Act (chapter 373 of the Laws of Malta), and regulations made thereunder. Such monies shall not bear interest while retained as aforesaid.

Dealings in the Bonds shall not commence prior to: (i) notification of the amount allotted being issued to Applicants; and (ii) the Bonds being admitted to the Green Bond List.

9.4 Pricing

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

9.5 Allocation policy

Without prejudice to the right of the Issuer, the Registrar and/or the relevant Authorised Financial Intermediary to reject Applications as provided in this Securities Note, in particular under paragraphs (n), (o) and (p) of Section 9.2 above, the Issuer shall allocate Bonds as follows:

- (a) Bonds applied for on a preferential basis by Preferred Applicants for the Preferred Amount on the basis of an Application Form A shall be allocated to such Preferred Applicants; and
- (b) other Bonds shall be allocated in accordance with an allocation policy to be announced by the Issuer at the time of announcement of the result of the Bond Issue.

The Issuer shall announce the result of the Bond Issue through an announcement to be uploaded on the Issuer's website, namely www.clearflowplus.com.

9.6 Admission to trading

The Malta Financial Services Authority has authorised the Bonds as admissible to listing pursuant to the Capital Markets Rules by virtue of a letter dated 20 July 2023.

Application has been made to the Malta Stock Exchange for the Bonds being issued pursuant to the Prospectus to be listed and traded on the Green Bond List of the Malta Stock Exchange.

The Bonds are expected to be admitted to the Malta Stock Exchange with effect from 1 September 2023 and trading is expected to commence on 4 September 2023.

9.7 Additional Information – Credit ratings

No credit ratings have been assigned to the Bonds at the request or cooperation of the Issuer in the rating process.

9.8 Additional Information – Third party information statements by experts

Except for the financial analysis summary set out as Annex IV, the Securities Note does not contain any statement or report attributed to any person as an expert.

The financial analysis summary has been included in the form and context in which it appears with the authorisation of Calamatta Cuschieri Investment Services Limited of Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034, Malta, which has given and has not withdrawn its consent to the inclusion of such report herein.

Calamatta Cuschieri Investment Services Limited does not have any material interest in the Issuer or Guarantor. The Issuer confirms that the financial analysis summary has been accurately reproduced in the Securities Note and that there are no facts of which the Issuer is aware that have been omitted and which would render the reproduced information inaccurate or misleading.

ANNEX I

APPLICATION FORMS

ClearFlowPlus p.l.c.

€25,000,000 4.25% Unsecured Bonds 2033
Application Form A - Preferred Applicants



Please read the notes overleaf before completing this Application Form. Mark 'X' where applicable.

A APPLICANT (see notes 2 to 7)

Non-Resident Minor (under 18) Body Corporate/ Body of Persons CIS-Prescribed Fund

B TITLE (Mr/Mrs/Ms/...) FULL NAME AND SURNAME / REGISTERED NAME

ADDRESS

POST CODE

MSE A/C NO. (mandatory) I.D. CARD / PASSPORT / COMPANY REG. NO. DOCUMENT TYPE COUNTRY OF ISSUE

LEI (Legal Entity Identifier (if applicant is NOT an individual)) DATE OF BIRTH NATIONALITY MOBILE NUMBER

REGISTER FOR E-PORTFOLIO (mobile number is mandatory for e-portfolio registration)

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

TITLE (Mr/Mrs/Ms/...) FULL NAME & SURNAME I.D. CARD / PASSPORT NO.

DOCUMENT TYPE COUNTRY OF ISSUE DATE OF BIRTH NATIONALITY

D DECISION MAKER/MINOR'S PARENTS/LEGAL GUARDIAN(S) (see notes 4 and 7) (to be completed ONLY if applicable)

TITLE (Mr/Mrs/Ms/...) FULL NAME & SURNAME I.D. CARD / PASSPORT NO.

DOCUMENT TYPE COUNTRY OF ISSUE DATE OF BIRTH NATIONALITY

TITLE (Mr/Mrs/Ms/...) FULL NAME & SURNAME I.D. CARD / PASSPORT NO.

DOCUMENT TYPE COUNTRY OF ISSUE DATE OF BIRTH NATIONALITY

E I/WE APPLY TO PURCHASE AND ACQUIRE (see note 8)

AMOUNT IN FIGURES
€5,000

AMOUNT IN WORDS
Five thousand Euro

ClearFlowPlus p.l.c. 4.25% Unsecured Bonds 2033 (the "Bonds") (subscription of €5,000) at the Issue Price (at par), as defined in the Prospectus dated 20 July 2023 (the "Prospectus"), payable in full upon application under the Terms and Conditions of the Bonds as set out in the Prospectus. (See note 9)

F RESIDENT - WITHHOLDING TAX DECLARATION (see note 10) (to be completed ONLY if the Applicant is a resident of Malta)

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

G NON-RESIDENT - DECLARATION FOR TAX PURPOSES (see note 12) (to be completed ONLY if the Applicant is a non-resident)

TAX COUNTRY CITY OF BIRTH

T.I.N. (Tax Identification Number) COUNTRY OF BIRTH

NOT resident in Malta but resident in the European Union NOT resident in Malta and NOT resident in the European Union

H INTEREST, REFUND AND REDEMPTION MANDATE (see notes 11 and 12) (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 solely on the basis of the Prospectus, and subject to its Terms and Conditions of the Bonds as contained therein which I/we fully accept.

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

Signature/s of Applicant/s

Date

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

AUTHORISED INTERMEDIARY'S STAMP

AUTHORISED INTERMEDIARY'S CODE

APPLICATION NUMBER

Notes on how to complete this Application Form and other information

The following notes are to be read in conjunction with the Prospectus dated 20 July 2023 regulating the Bond Issue

1. This Application is governed by the Terms and Conditions of Application contained in section 9 of the Securities Note forming part of the Prospectus dated 20 July 2023. Capitalised terms not defined herein shall, unless the context otherwise requires, have the meaning ascribed to them in the Prospectus.
2. The Application Form is to be completed in BLOCK LETTERS. Applicants who are non-residents 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.
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 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 6 below). Applications by more than two persons are to use the Addendum to the Application Form.

Upon submission of an Application Form, Bondholders who opt to have an online e-portfolio facility (by marking the relative box in Panel B), will receive by mail at their registered address a handle code to activate the new e-portfolio login. Registration for the e-Portfolio facility requires a mobile number to be provided on the Application Form. The Bondholder's statement of holdings evidencing entitlement to Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Further detail on the e-portfolio may be found on <https://eportfolio.borzamalta.com.mt/help>.
4. Applications in the name and for the benefit of minors shall be allowed provided that the applicant already holds an account on the MSE. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption 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. Panel D must be inserted with full details of the parents/legal guardians.
5. 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. A valid Legal Entity Identifier ("LEI") needs to be inserted in Panel B. Failure to include a valid LEI code, will result in the Application being cancelled by the Registrar. Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.
6. APPLICANTS ARE TO INSERT AN MSE ACCOUNT NUMBER IN THE SPACE PROVIDED IN PANEL B, AND FAILURE TO DO SO WILL RESULT IN REJECTION OF THE APPLICATION FORM. APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED BY THE MALTA STOCK EXCHANGE IN THE MSE ACCOUNT QUOTED ON THIS APPLICATION FORM EVEN IF THE DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE CSD OF THE MALTA STOCK EXCHANGE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF. A SEPARATE REQUEST BY THE APPLICANT TO CHANGE THESE DETAILS AS RECORDED AT THE MSE, WILL HAVE TO BE AFFECTED.
7. Where a decision to invest is taken by a third party authorised to transact on behalf of the Applicant (a "decision maker") such as an individual that holds a power of attorney to trade on the Applicant's account or applications under a discretionary account, details of the decision maker need to be included in Panel D.
8. Applications must be for a subscription of €5,000 and must be accompanied by the relevant subscription amount in Euro.
9. Only Applicants who hold a valid official Maltese Identity Card or companies registered in Malta will be treated as resident in Malta. In such a case the Applicant may elect to have final withholding tax, currently 15%, deducted from interest payments in which case such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of final withholding tax), but will be obliged to declare interest so received in the tax return. The Issuer will render an account to the Maltese Commissioner for Revenue of all interest paid, all amounts of tax deducted by the payor in respect of the interest paid and of the identity of all such recipients. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Authorised entities applying in the name of a prescribed fund (having indicated their status in the appropriate box in Panel A) will have final withholding tax (currently 10%), deducted from interest payments.
In terms of section 8 of the Securities Note forming part of the Prospectus, 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 person net of final withholding tax, (currently 15%) of the gross amount of interest, pursuant to article 33 of the Income Tax Act (Cap. 123 of the laws of Malta).
10. Non-residents of Malta should note that payment of interest to individuals and certain residual entities residing in another EU Member State is reported on an annual basis to the Director General Inland Revenue, Malta, who will in turn exchange the information with the competent tax authority of the Member State where the recipient of interest is resident. This exchange of information takes place in terms of the Council Directive 2014/107/EU, of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation. The contents of Notes 9 and 10 above do not constitute tax advice by the Issuer and Applicants are to consult their own independent tax advisers in case of doubt.
11. Interest and redemption proceeds will be credited to the account indicated in Panel H or as otherwise amended by the Bondholder/s during the term of the Bond.
12. The Preferred Applicants' Offer Period will open at 8:30 hours on 26 July 2023 and will close at 12:00 hours on 31 July 2023. Completed Application Forms are to be delivered to any Authorised Intermediary listed in Annex II of the Prospectus during regular office hours. Remittances by post are made at the risk of the Applicant and the Company disclaims all responsibility for any such remittances not being received by the date of closing of the subscription lists. If any Application is not accepted after the closure of the subscription lists or is accepted for fewer Bonds than those applied for, the monies equivalent to the number of Bonds not being accepted will be returned by direct credit into the IBAN specified in Panel H.
13. By completing and delivering an Application Form you (as the Applicant(s)) acknowledge that:
 - (a) the Issuer or its duly appointed agents including the CSD and the Registrar, may process the personal data that you provide in the Application Form in accordance with the Data Protection Act (Cap. 586 of the laws of Malta) and the General Data Protection Regulation (GDPR)(EU) 2016/679 as amended from time to time;
 - (b) the Issuer may process such personal data for all purposes necessary for and related to the Bonds applied for; and
 - (c) you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Issuer.

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

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

ClearFlowPlus p.l.c.

€25,000,000 4.25% Unsecured Bonds 2033
Application Form B - General Applicants



Please read the notes overleaf before completing this Application Form. Mark 'X' where applicable.

A APPLICANT (see notes 2 to 7)

Non-Resident Minor (under 18) Body Corporate/ Body of Persons CIS-Prescribed Fund

B TITLE (Mr/Mrs/Ms/...) FULL NAME AND SURNAME / REGISTERED NAME

ADDRESS

POST CODE

MSE A/C NO. (mandatory)

I.D. CARD / PASSPORT / COMPANY REG. NO.

DOCUMENT TYPE

COUNTRY OF ISSUE

LEI (Legal Entity Identifier (if applicant is NOT an individual))

DATE OF BIRTH

NATIONALITY

MOBILE NUMBER

REGISTER FOR E-PORTFOLIO (mobile number is mandatory for e-portfolio registration)

C ADDITIONAL (JOINT) APPLICANTS (see note 3)

(please use Addendum to Application Form if space is not sufficient)

TITLE (Mr/Mrs/Ms/...) FULL NAME & SURNAME I.D. CARD / PASSPORT NO.

DOCUMENT TYPE COUNTRY OF ISSUE DATE OF BIRTH NATIONALITY

D DECISION MAKER/MINOR'S PARENTS/LEGAL GUARDIAN(S) (see notes 4 and 7)

(to be completed ONLY if applicable)

TITLE (Mr/Mrs/Ms/...) FULL NAME & SURNAME I.D. CARD / PASSPORT NO.

DOCUMENT TYPE COUNTRY OF ISSUE DATE OF BIRTH NATIONALITY

TITLE (Mr/Mrs/Ms/...) FULL NAME & SURNAME I.D. CARD / PASSPORT NO.

DOCUMENT TYPE COUNTRY OF ISSUE DATE OF BIRTH NATIONALITY

E I/WE APPLY TO PURCHASE AND ACQUIRE (see note 8)

AMOUNT IN FIGURES

AMOUNT IN WORDS

€

ClearFlowPlus p.l.c. 4.25% Unsecured Bonds 2033 (the "Bonds") (minimum subscription of €5,000 and in multiples of €100 thereafter) at the Issue Price (at par), as defined in the Prospectus dated 20 July 2023 (the "Prospectus"), payable in full upon application under the Terms and Conditions of the Bonds as set out in the Prospectus. (See note 9)

F RESIDENT - WITHHOLDING TAX DECLARATION (see note 10)

(to be completed ONLY if the Applicant is a resident of Malta)

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

G NON-RESIDENT - DECLARATION FOR TAX PURPOSES (see note 12)

(to be completed ONLY if the Applicant is a non-resident)

TAX COUNTRY CITY OF BIRTH

T.I.N. (Tax Identification Number) COUNTRY OF BIRTH

NOT resident in Malta but resident in the European Union NOT resident in Malta and NOT resident in the European Union

H INTEREST, REFUND AND REDEMPTION MANDATE (see notes 11 and 12)

(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 solely on the basis of the Prospectus, and subject to its Terms and Conditions of the Bonds as contained therein which I/we fully accept.

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

Signature/s of Applicant/s

Date

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

AUTHORISED INTERMEDIARY'S STAMP

AUTHORISED INTERMEDIARY'S CODE

APPLICATION NUMBER

Notes on how to complete this Application Form and other information

The following notes are to be read in conjunction with the Prospectus dated 20 July 2023 regulating the Bond Issue

1. This Application is governed by the Terms and Conditions of Application contained in section 9 of the Securities Note forming part of the Prospectus dated 20 July 2023. Capitalised terms not defined herein shall, unless the context otherwise requires, have the meaning ascribed to them in the Prospectus.
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Upon submission of an Application Form, Bondholders who opt to have an online e-portfolio facility (by marking the relative box in Panel B), will receive by mail at their registered address a handle code to activate the new e-portfolio login. Registration for the e-Portfolio facility requires a mobile number to be provided on the Application Form. The Bondholder's statement of holdings evidencing entitlement to Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Further detail on the e-portfolio may be found on <https://eportfolio.borzamalta.com.mt/help>.
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7. Where a decision to invest is taken by a third party authorised to transact on behalf of the Applicant (a "decision maker") such as an individual that holds a power of attorney to trade on the Applicant's account or applications under a discretionary account, details of the decision maker need to be included in Panel D.
8. Applications must be for a minimum subscription of €5,000 and thereafter in multiples of €100 and must be accompanied by the relevant subscription amount in Euro.
9. Only Applicants who hold a valid official Maltese Identity Card or companies registered in Malta will be treated as resident in Malta. In such a case the Applicant may elect to have final withholding tax, currently 15%, deducted from interest payments in which case such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of final withholding tax), but will be obliged to declare interest so received in the tax return. The Issuer will render an account to the Maltese Commissioner for Revenue of all interest paid, all amounts of tax deducted by the payor in respect of the interest paid and of the identity of all such recipients. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Authorised entities applying in the name of a prescribed fund (having indicated their status in the appropriate box in Panel A) will have final withholding tax (currently 10%), deducted from interest payments. In terms of section 8 of the Securities Note forming part of the Prospectus, 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 person net of final withholding tax, (currently 15%) of the gross amount of interest, pursuant to article 33 of the Income Tax Act (Cap. 123 of the laws of Malta).
10. Non-residents of Malta should note that payment of interest to individuals and certain residual entities residing in another EU Member State is reported on an annual basis to the Director General Inland Revenue, Malta, who will in turn exchange the information with the competent tax authority of the Member State where the recipient of interest is resident. This exchange of information takes place in terms of the Council Directive 2014/107/EU, of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation. The contents of Notes 9 and 10 above do not constitute tax advice by the Issuer and Applicants are to consult their own independent tax advisers in case of doubt.
11. Interest and redemption proceeds will be credited to the account indicated in Panel H or as otherwise amended by the Bondholder/s during the term of the Bond.
12. The General Public Offer Period will open at 08:30 hours on 1 August 2023 and will close at 12:00 hours on 18 August 2023, or earlier in case of over-subscription. Completed Application Forms are to be delivered to any Authorised Intermediary listed in Annex II of the Prospectus during regular office hours. Remittances by post are made at the risk of the Applicant and the Company disclaims all responsibility for any such remittances not being received by the date of closing of the subscription lists. If any Application is not accepted after the closure of the subscription lists or is accepted for fewer Bonds than those applied for, the monies equivalent to the number of Bonds not being accepted will be returned by direct credit into the IBAN specified in Panel H.
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 - (a) the Issuer or its duly appointed agents including the CSD and the Registrar, may process the personal data that you provide in the Application Form in accordance with the Data Protection Act (Cap. 586 of the laws of Malta) and the General Data Protection Regulation (GDPR)(EU) 2016/679 as amended from time to time;
 - (b) the Issuer may process such personal data for all purposes necessary for and related to the Bonds applied for; and
 - (c) you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Issuer.

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

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

ANNEX II

LIST OF AUTHORISED FINANCIAL INTERMEDIARIES

APS Bank p.l.c.

C 2192
APS Centre, Tower Street, Birkirkara BKR 4012
25603404

Bank of Valletta p.l.c.

C 2833
Premium Banking Centre, 475, Triq il-Kbira San Guzepp, St Venera SVR 1011
22751732

Calamatta Cuschieri Investment Services Limited

C 13729
Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034
25688688

CiliaFormosa Financial Advisors Ltd

C 92744
Triq id-Delu, Mosta MST 3355
22260200

Curmi & Partners Ltd

C 3909
Finance House, Princess Elizabeth Street, Ta' Xbiex XBX 1102
21347331

FINCO Treasury Management Limited

C 17017
The Bastions, Office No 2, Emvin Cremona Street, Floriana FRN 1281
21220002

HSBC Bank (Malta) p.l.c.

C 3177
Wealth and Personal Banking, Investment and Wealth Solutions (IWS), 80, Mill Street, Qormi QRM 3101
23802380

Jesmond Mizzi Financial Advisors Limited

C 30176
67 Level 3, South Street, Valletta VLT 1105
21224410

Lombard Bank Malta p.l.c.

C 1607
67, Republic Street, Valletta VLT 1117
25581112

MeDirect Bank (Malta) plc

C 34125
The Centre, Tigne` Point, Sliema TPO 0001
25574400

Michael Grech Financial Investment Services Limited

C 28229
The Brokerage, Lvl 0 A, St Marta Street, Victoria, Gozo VCT 2550
22587000

MZ Investment Services Limited

C 23936
63, St. Rita Street, Rabat RBT 1523
21453739

Rizzo, Farrugia & Co (Stockbrokers) Ltd

C 13102
Airways House, Fourth Floor, High Street, Sliema SLM 1551
22583000

Timberland Invest Ltd

C 60291
Aragon House Business Centre Dragonara Road, St Julian's STJ 3140
20908100

ANNEX III

GUARANTEE

Date: 20 July 2023

To All Bondholders:

Reference is made to the issue by ClearFlowPlus p.l.c., a public limited liability company registered under the laws of Malta and bearing company registration number C 38895 (the "Issuer") of up to €25,000,000 4.25% unsecured bonds 2033 (the "Bonds" or "Bond Issue"), pursuant to and subject to the terms and conditions contained in the Securities Note (as such term is defined hereunder) forming part of the Prospectus (as such term is defined hereunder).

Now, therefore, by virtue of the present, Water Services Corporation, a corporation established by virtue of the Water Services Corporation Act (Cap. 355 of the Laws of Malta) (the "Guarantor") hereby unconditionally and irrevocably guarantees the due and punctual performance of all the obligations undertaken by the Issuer under the Bonds, and without prejudice to the generality of the foregoing, undertakes to pay any Indebtedness (as such term is defined hereunder) which shall become due and payable by the Issuer to Bondholders (hereinafter referred to as "Guarantee").

The Guarantor has agreed to the conclusion and execution of this Guarantee in favour of the Bondholders, and this Guarantee forms part of the rights of Bondholders under the Bonds.

01 INTERPRETATION

In this Guarantee, unless the context otherwise requires:

"Indebtedness" means all moneys, obligations and liabilities now or at any time hereafter due, owing or incurred by the Issuer under the Secured Bonds to the Bondholders (whether alone and/or with others) in terms of the Prospectus and in any and all cases whether for principal, interests, capitalised interests, charges, disbursements, or otherwise and whether for actual or contingent liability;

"Prospectus" means the prospectus issued by the Issuer in respect of the Bond Issue, dated 20 July, 2023;

"Securities Note" means the securities note issued by the Issuer in respect of the Bond Issue, dated 20 July, 2023, forming part of the Prospectus; and

"writing" or "in writing" shall mean any method of visual representation and shall include facsimile transmissions, telexes and other such electronic methods.

Capitalised terms used herein which are defined in the Prospectus shall, unless otherwise defined herein or unless the context otherwise requires, have the same meanings herein as in the Prospectus.

The Guarantor hereby acknowledges and declares that it has received a copy of the Prospectus as approved and issued by the Issuer.

02 GUARANTEE

2.1 Covenant to pay

In satisfaction of the conditions precedent for the issuance of the Bonds, and in consideration of the Bondholders acquiring the Bonds, the Guarantor, as duly authorised, as primary obligor, hereby jointly and severally with the Issuer, unconditionally and irrevocably guarantees to each Bondholder, the payment of, and undertakes on first demand in writing made in accordance with clause 8.2, to pay the Indebtedness to the Bondholders or any balance thereof at any time due or owing under the Bonds, on the occurrence of an Event of Default that is continuing in accordance with the Securities Note.

2.2 Liability amount

This is a continuing Guarantee for the whole amount of Indebtedness due or owing by the Issuer under the Bonds but, notwithstanding anything contained in this Agreement, the amount due by the Guarantor to the Bondholders under this Guarantee shall in aggregate be up to and shall not be in excess of (i) the Redemption Value of Bonds subscribed for and issued pursuant to the Bond Issue, (ii) interests due up to the date of payment and (iii) reasonably incurred and properly documented costs and expenses up to €750,000 in aggregate amongst all the Bondholders at the relevant time (divided between them pro rata the nominal of the Bonds held by them respectively) incurred as at the date of payment under the Guarantee relating to the enforcement of the Bondholders' rights against the Issuer and/or the Guarantor.

2.3 Indemnity

As a separate and independent stipulation, the Guarantor unconditionally and irrevocably agrees: (i) that any sum which, although expressed to be payable by the Issuer in terms of the Prospectus, is for any reason (whether or not now existing and whether or not now known or becoming known to the Issuer, the Guarantor, or any Bondholder) not recoverable from the Guarantor on the basis of this Guarantee will nevertheless be recoverable from it as if it were the sole principal debtor and will be paid by the Guarantor on demand; and (ii) as a primary obligation, to indemnify the Bondholders against any loss up to the amount claimed, subject always to the limit set out in clause 2.2, suffered by the Bondholders as a result of any sum expressed to be payable by the Issuer in terms of the Prospectus or the Bonds not being paid on the date and otherwise in the manner specified in the Prospectus or any payment obligation of the Issuer under the Bonds not being, or becoming void, voidable or unenforceable for any reason (whether or not now existing and whether or not now known or becoming known to any Bondholder), the amount of that loss being the amount expressed to be payable by the Issuer in respect of the relevant sum.

03 CONTINUING AND UNCONDITIONAL LIABILITY

3.1 **The liability of the Guarantor under this Guarantee shall be continuing until such time as the Indebtedness is fully repaid or until such time as the maximum amounts referred to in clause 2.2 above are paid by the Guarantor hereunder, and will not be prejudiced or affected by, nor shall it in any way be discharged or reduced by reason of:**

- (a) the bankruptcy, insolvency or winding up of the Issuer; or
- (b) the incapacity or disability of the Issuer or any other person liable for any reason whatsoever; or
- (c) any change in the name, style, constitution, any amalgamation or reconstruction of either the Issuer, or the Guarantor; or

- (d) a Bondholder conceding any time or indulgence, or compounding with, discharging, releasing or varying the liability of the Issuer or any other person liable or renewing, determining, reducing, varying or increasing any accommodation or transaction or otherwise dealing with the same in any manner whatsoever or concurring in, accepting or in any way varying any compromise, composition, arrangement or settlement or omitting to claim or enforce or exact payment from the Issuer or any other person liable; or
- (e) any event, act or omission that might operate to exonerate the Guarantor without settlement in full of the Indebtedness towards the relevant Bondholder.

3.2 This Guarantee provides the Bondholders with the right of immediate recourse against the Guarantor, and the Bondholders shall not be obliged before taking steps to enforce any of their respective rights and remedies under this Guarantee:

- (a) to make or file any claim in a bankruptcy, liquidation, administration or insolvency of the Issuer or any other person; or
- (b) to make, demand, enforce or seek to enforce any claim, right or remedy against the Issuer or any other person.

04 WAIVER OF GUARANTOR'S RIGHTS AND GUARANTOR'S WARRANTIES

4.1 Without prejudice to clause 2.2 above, this Guarantee shall be for the full amount of the Indebtedness due from time to time. The liability of the Guarantor under this Guarantee shall be decreased from time to time to the extent, if any, that the Issuer or the Guarantor or any other person shall have made any irrevocable payment of the Indebtedness.

4.2 Until the Indebtedness has been paid in full the Guarantor agrees that it will not, without the prior written consent of the Bondholders:

- (a) exercise any rights of subrogation, reimbursement and indemnity against the Issuer;
- (b) demand or accept repayment, in whole or in part, of any Indebtedness now or hereafter due to the Guarantor from the Issuer or demand any collateral in respect of same or dispose of same;
- (c) take any step to enforce any right against the Issuer arising pursuant to the Guarantee or any payment made by the Guarantor thereunder;
- (d) claim any set-off or counter-claim against the Issuer nor shall the Guarantor claim or prove in competition with the Bondholders in the liquidation of the Issuer or benefit or share any payment from or in composition with the Issuer.

4.3 Subject to the overriding provisions of the Prospectus until the Indebtedness has been paid in full the Guarantor further agrees that:

- (a) if an Event of Default under the Prospectus occurs, any sums which may thereafter be received by it from the Issuer or any person liable for the Indebtedness shall be held by it on trust exclusively for the Bondholders and shall be paid to the Bondholders immediately upon demand in writing;
- (b) all rights of relief and subrogation arising in favour of the Guarantor upon a partial payment to the Bondholders against the Issuer shall be suspended.

05 ADDITIONAL GUARANTEE

This Guarantee is to be construed as being in addition to and in no way prejudicing any other securities or guarantees which the Bondholders may now or hereafter hold from or on account of the Issuer and is to be binding on the Guarantor as a continuing Guarantee until full and final settlement of all the Issuer's Indebtedness, subject to the maximum amounts referred to in clause 2.2 above. Moreover, the remedies provided in this Guarantee are cumulative and are not exclusive of any remedies provided by law.

06 BENEFIT OF THIS GUARANTEE AND NO ASSIGNMENT

- 6.1 This Guarantee is to be immediately binding upon the Guarantor for the benefit of the Bondholders and the liability hereunder is not subject to any conditions as to additional security being received by the Bondholders or otherwise.**
- 6.2 The Guarantor shall not be entitled to assign or transfer (by novation or otherwise) any of its rights or obligations under this Guarantee.**

07 REPRESENTATIONS AND WARRANTIES.

7.1 The Guarantor represents and warrants as at the date of this Guarantee:

- (a) that it is duly established and validly existing under the laws of Malta and has the power to carry on its business;
- (b) that it has power to grant this Guarantee and that this Guarantee is duly authorised and all corporate action has been taken by the Guarantor in accordance with the laws of its incorporation and regulation;
- (c) that this Guarantee constitutes and contains valid and legally binding obligations of the Guarantor enforceable in accordance with its terms;
- (d) that this Guarantee does not and will not constitute default with respect to or violate any law, rule, regulation, judgment, decree or permit to which the Guarantor is or may be subject; or any agreement or other instrument to which the Guarantor is a party or is subject or by which it or any of its property is bound;
- (e) that it is in no way engaged in any litigation, arbitration or administrative proceeding of a material nature the outcome whereof may materially affect its ability to pay under this Guarantee;
- (f) that the obligations binding it under this Guarantee rank at least *paripassu* with all other present and future unsecured indebtedness of the Guarantor with the exception of any obligations which are mandatorily preferred by law;
- (g) that it is not in material breach of or in default under any agreement relating to indebtedness to which it is a party or by which it may be bound nor has any default occurred in its regard, which, in each case, may materially affect its ability to pay under this Guarantee;
- (h) that all the information tendered in connection with the negotiation and preparation of this Guarantee is accurate and true and there has been no omission of any material facts;
- (i) that the granting of this Guarantee is in the commercial interest of the Guarantor and that the Guarantor acknowledges that it is deriving commercial benefit therefrom.

- 7.2 As from the date of this Guarantee, until such time as the Indebtedness is paid in full to the Bondholders, and for as long as this Guarantee shall remain in force, the Guarantor shall hold true, good and valid all the representations and warranties given under this clause except for representations and warranties in paragraphs (e) and (g) which are given only as at the date of this Guarantee.**

08 DEMANDS AND PAYMENTS

- 8.1 Without prejudice to clause 2.2 above, all the Indebtedness shall be due by the Guarantor under this Guarantee as a debt, which is certain, liquidated and due, and the Guarantor shall be jointly and severally obligated to pay such Indebtedness upon first written demand by a Bondholder, as such standing is evidenced by an electronic entry in the register of Bonds held by the CSD. All demands shall be sent to the address as is stated below in clause 9 as the same may be changed by notice in writing to the Bondholders. Subject to clause 8.2 below, such payment shall be due on the seventh (7th) Business Day following the Bondholder's first written demand to the Guarantor to pay.**
- 8.2 The demand shall be accompanied by a statement by the Bondholder representing that there exist, at the time of the demand, an Event of Default that is continuing pursuant to the terms of the Securities Note.**

09 NOTICES

Every notice, request, demand, letter or other communication hereunder to the Guarantor shall be in writing, in the English language, and shall be delivered by hand or by pre-paid post or email at the address or email address of the Guarantor set out below or as otherwise notified to the sender.

Water Services Corporation:

Address: Water Services Corporation, Triq Hal Qormi, Luqa LQA9043, Malta

E-mail address:

To the attention:

10 AMENDMENTS

The Guarantor has the power to veto any changes to the Terms and Conditions of the Bonds which are issued with the benefit of this Guarantee, limitedly in cases in which such amendments may give rise to changes in: (i) the amount payable by the Guarantor under this Guarantee; (ii) the term and/or frequency of such payments; (iii) the Events of Default listed in sub-section 7.10 of the Securities Note; and/or (iv) any other term which may otherwise increase the exposure of the Guarantor to the enforcement of this Guarantee.

11 DEPOSIT AND PRODUCTION OF THE GUARANTEE.

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

12 APPLICABLE LAW AND JURISDICTION.

This Guarantee and any non-contractual matters in relation thereto shall be governed by and construed in accordance with the laws of Malta.

The Courts of Malta have exclusive jurisdiction to settle any dispute, controversy or claim in connection with this Guarantee (including as to the interpretation, validity, performance or breach thereof) and in connection with any non-contractual matters in relation hereto.

The original copy has been signed by:

duly authorised, on behalf of Water Services Corporation (Guarantor)

duly authorised, on behalf of ClearFlowPlus Limited (Issuer)

ANNEX IV

FINANCIAL ANALYSIS SUMMARY



The Directors
ClearFlowPlus p.l.c
Water Services Corporation
Triq Hal-Qormi
Luqa, LQA 9043
Malta

Re: Financial Analysis Summary – 2023

20 July 2023

Dear Board Members,

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

The purpose of the financial analysis is that of summarising key financial data appertaining to ClearFlowPlus p.l.c (the “**Issuer**”) and Water Services Corporation (the “**Guarantor**”), where the latter is the parent company of the “**Group**”. The data is derived from various sources or is based on our own computations as follows:

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

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

Yours sincerely,

Patrick Mangion
Head of Capital Markets

Calamatta Cuschieri Investment Services Limited | Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034, Malta | P.O. Box 141, Il-Marsa, MRS 1001, Malta
Phone: (+356) 25 688 688 | Web: www.cc.com.mt | Email: info@cc.com.mt

Calamatta Cuschieri Investment Services Limited is a founding member of the Malta Stock Exchange and is licensed to conduct investment services by the Malta Financial Services Authority.

FINANCIAL ANALYSIS SUMMARY 2023



ClearFlowPlus p.l.c
20 July 2023

Prepared by Calamatta Cuschieri
Investment Services Limited

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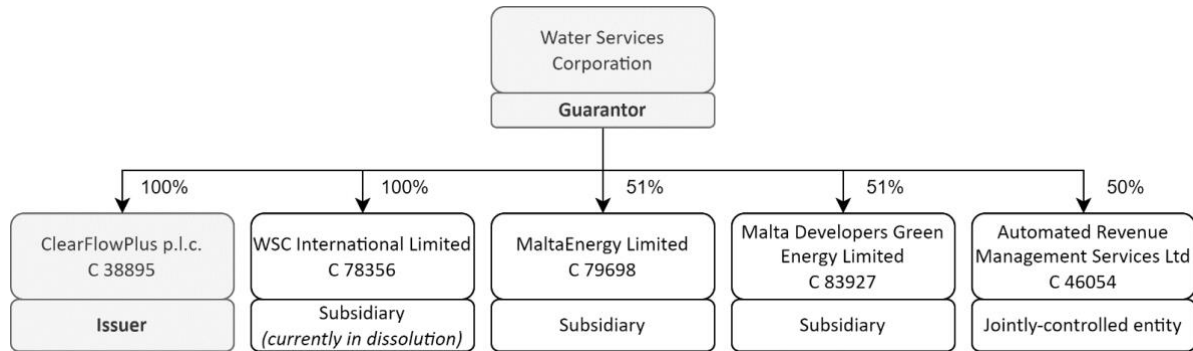
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Part 1 - Information about the Group

ClearFlowPlus p.l.c. (the "Issuer" or "CFP") has applied for a bond issue in respect of €25m 4.25% Unsecured Bonds 2033, of a nominal value of €100 per bond issued at par. This Financial Analysis Summary has been prepared in line with the MFSA Listing Policies.

1.1 Group's key activities and Group Structure

The Group's complete organisation chart is set out below:



ClearFlowPlus p.l.c. was incorporated on 9 June 2006 as a private limited liability company with company registration number C 38895, under the name Desalination Services Marketing Ltd. In 2018, it changed its name to ClearFlowPlus Limited. In July 2023, the Issuer was converted to a public limited company in anticipation of the bond issue. As at the date of this Analysis, the Issuer has an authorised and issued share capital of €250,002 divided into 107,326 Ordinary Shares of €2.329373 each all fully paid up. The Issuer is a fully owned subsidiary of Water Services Corporation except for one share, which is held by Malta Government Investments Limited (C 10175).

The Issuer's main objectives are the provision of technical consultancy services related to the distribution, conservation and treatment of water. The Issuer also offers consultancy services and supplies in connection with reverse osmosis plants, wastewater treatment facilities, laboratory analysis and information technology. The Issuer markets and provides its consultancy services both locally and abroad. Following the issue of the Green Bonds by the Issuer, it is the intention that the Issuer's activities will be restricted to that of a finance company, and therefore, the existing operations of the Issuer are envisaged to be transferred to another Subsidiary of the Guarantor, most likely a company yet to be incorporated.

Water Services Corporation (the "Guarantor" or "WSC" or the "Group") was founded on 20 January 1992 by Act of Parliament No. XXIII of 1991, to take over the responsibilities of the former Water Works Department. This strategic move meant that rather than remaining the responsibility of a government department, water has now become the

responsibility of a dedicated Corporation established by statute with a certain level of autonomy and increased accountability. The Guarantor employs around 1,100 persons and is responsible for and can manage potable water and wastewater services in the Maltese islands and its principal activities are:

- Water production and distribution - to acquire, produce, distribute and sell water for domestic, industrial and commercial use;
- Wastewater collection and treatment - to treat and dispose or re-use wastewater;
- Renewable energy generation - to further reduce the energy costs related to its operations using renewable energy sources.

WSC International Limited ("WSC")

WSC was incorporated on 9 December 2016 with registration number C 78356 and is currently in the process of dissolution.

MaltaEnergy Limited ("MEL")

MEL was incorporated on 4 May 2017 with registration number C 79698. MEL leases the Qrendi and Ta' Cenc reservoirs from the Guarantor. It was set up as a joint venture vehicle between the Guarantor and the General Retailers and Traders Union.

Malta Developers Green Energy Limited ("MDGE")

MDGE was incorporated on 21 March 2018 with registration number C 83927. MDGE leases the solar panels which are installed on the property of the Guarantor. The company was set up as a joint venture vehicle between the Guarantor and the Malta Developers Association.

Automated Revenue Management Services Ltd (“ARMS”)

ARMS was incorporated on 19 January 2009 with registration number C 46054. This private limited liability company was set up as a joint venture between WSC and Enemalta plc. The scope of this agreement was to carry out meter to cash functions for both entities. ARMS must transfer all revenues collected to the respective party within 24 hours of receipt.

1.2 Directors and Employees

Board of Directors - Issuer

The Board of Directors of the Issuer is composed of the following persons:

Name	Designation
Dr Vince Micallef	Chairman and non-executive Director
Mr Karl Cilia	Vice-Chairman and executive Director
Mr Matthew Costa	Executive Director
Ing David Sacco	Executive Director
Ms Angela Azzopardi	Independent non-executive Director
Mr Luke Cann	Independent non-executive Director
Ing Abigail Cutajar	Independent non-executive Director
Ms Katrina Cuschieri	Independent non-executive Director

Mr Karl Cilia, Mr Matthew Costa and Ing David Sacco are executive Directors and occupy senior executive positions within the Group, namely CEO of the Guarantor, CFO of the Guarantor and Production & Treatment Chief Officer of the Guarantor, respectively. The other five Directors, Dr Vince Micallef, Ms Angela Azzopardi, Mr Luke Cann, Ing Abigail Cutajar and Ms Katrina Cuschieri serve on the Board of the Issuer in a non-executive capacity. Ms Angela Azzopardi, Mr Luke Cann, Ing Abigail Cutajar and Ms Katrina Cuschieri are considered as independent directors since they are free of any significant 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 of the Issuer is the registered office of the Issuer.

Board of Directors - Guarantor

The Board of Directors of the Guarantor consists of the following persons:

Name	Designation
Mr Joseph Vella	Chairman
Mr Louis Gatt	Deputy Chairman
Dr Vince Micallef	Member
Ing Raymond Azzopardi	Member
Mr Ethelbert Schembri	Member
Ms Silvana Mifsud	Member
Ms Marion Parnis	Member
Ms Mirana Agius Silvio	Member
Dr Juanita Agius Galea	Member

The business address of the directors of the Guarantor is the Head Office of the Guarantor, namely Water Services Corporation, Triq Hal Qormi, Luqa LQA 9043, Malta.

1.3 Major Assets owned by the Group

The Group’s most major asset is related to Property, plant and equipment (“PPE”) and amounted to €365.7m. PPE principally comprise of assets related to water infrastructure (€130.2m), wastewater infrastructure (€91.8m), land and buildings (€44.1m) and assets under construction (€84.1m). Water and wastewater infrastructure includes:

- four reverse osmosis plants in Pembroke, Ċirkewwa, Għar Lapsi and Hondoq ir-Rummien;
- 24 reservoirs and various pumping stations;
- four wastewater treatment plants in Sant’ Antin Marsascala, Ras il-Hobz in Gozo, Ic-Cumnija, limits of Mellieha and Ta’ Barkat Xghajra; and
- a network of over 2,200 kilometres of pipes and a tunnel between Pembroke and Ta’ Qali.

Assets under construction represent water and wastewater infrastructure assets, which are still in the course of construction. During the year, assets which are no longer in the course of construction are reclassified to other components of PPE. In FY22 €36.0m of assets under construction were reclassified to other components of property, plant and equipment. €17m of these reclassifications related to capitalizations of water infrastructure assets, whilst the other €19m were reclassified to wastewater infrastructure assets.

1.4 Operational Developments

During 2022, the Issuer continued to commercialise WSC’s laboratory, waste management, and IT services while strengthening its water dispensing business function. In addition, it also continued to maintain and install reverse osmosis plants in various hotels around Malta.

As part of its sustainability initiatives during 2022, an additional 40 multi-point water dispensing units were installed in schools as part of the WAW (We Are Water) campaign. Following these installations, most public schools in Malta and Gozo are now provided with potable water of higher quality. This also enables school children to have daily access to potable water, instil a discipline of reusable bottles and have a lighter bag so as to reduce back problems in the future.

This increase in coverage has led to a saving of an estimated 3.8m plastic bottles from the environment by end 2022. Furthermore, during 2022, an industrial reverse osmosis was commissioned, and another was completed for commissioning early in 2023. A second reverse osmosis is planned to be commissioned later on in 2023. Apart from the enhanced sustainability efforts, this increased activity has also led to an increase in revenue of the Issuer and an increase in gross profit arising from these services compared to 2021.

In 2023 and subsequent years, the Issuer is committed to continue increasing its indoor water dispensing units in various public spaces, including Mater Dei Hospital, as well as to increase drinking water accessibility by installing other outdoor installations and also participate in activities to promote the reduction of single use plastics.

As mentioned previously, the three key activities offered by the Guarantor are: (1) Water production and distribution – to acquire, produce, distribute and sell water for domestic, industrial and commercial use; (2) Wastewater collection and treatment – to treat and dispose or re-use wastewater;

and (3) Renewable energy generation – to further reduce the energy costs related to its operations.

Use of proceeds

The net proceeds of the Bonds, which are expected to amount within the region of €24.5m, are earmarked by the Issuer for the following purposes:

- *Circa* €6.0m to finance the expected capital expenditure involved in procuring, installing and commissioning the new photovoltaic plants;
- *Circa* €1.7m to re-finance part of the costs incurred in connection with the development and commissioning of Hondoq ir-Rummien reverse osmosis plant;
- *Circa* €2.0m to finance the costs involved in upgrading the airblowers and the aeration system within Ta' Barkat wastewater treatment plant;
- *Circa* €7.9m to finance the upgrade in the algorithm behind the reduction in non-revenue water and improving billing efficiencies; and
- *Circa* €7.4m together with any residual amounts not utilised for the purposes above will be used to finance investments in continuing projects related to upgrading the water distribution network and infrastructure, in particular those connected with the repair, replacement, maintenance and where necessary rerouting or redesigning of such network and infrastructure.

Bond issue costs are estimated at €500k shall be borne by the Guarantor and shall not be financed by the proceeds of the Bond Issue.

Part 2 - Historical Performance and Forecasts

The financial information in sections 2.1 to 2.6 is extracted from the audited financial statements of the Issuer and the Guarantor for the financial years ended 31 December 2020, 2021 and 2022.

The projected financial information for the years ending 31 December 2023 and 2024 has been provided by management. This financial information relates to events in the future and are based on assumptions which the Company believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecast and actual results may be material.

2.1 Issuer's Income Statement

Income Statement	2020A	2021A	2022A	2023F	2024P
	€000s	€000s	€000s	€000s	€000s
Revenue	1,000	1,313	2,300	2,346	2,393
Cost of sales	(429)	(753)	(1,250)	(1,275)	(1,300)
Gross Profit	571	560	1,050	1,071	1,093
Administrative expenses	(109)	(168)	(166)	(169)	(188)
Other expenses	(3)	(10)	-	-	-
Other income	-	17	1	150	153
EBITDA	459	399	885	1,052	1,058
Amortisation of bond issue costs	-	-	-	(21)	(50)
Depreciation	-	(1)	-	-	-
EBIT	459	398	885	1,031	1,008
Finance income	-	54	239	485	1164
Finance costs	-	-	-	(443)	(1,063)
Profit before tax	459	452	1,124	1,073	1,109
Tax expense	(166)	(174)	(406)	(1)	(6)
Profit for the year	293	278	718	1,072	1,103

Ratio Analysis	2020A	2021A	2022A	2023F	2024P
Profitability					
Growth in Revenue (YoY Revenue Growth)	N/A	31.30%	75.17%	2.00%	2.00%
Gross Profit Margin (Gross Profit / Revenue)	57.1%	42.7%	45.7%	45.7%	45.7%
EBITDA Margin (EBITDA / Revenue)	45.9%	30.4%	38.5%	44.8%	44.2%
Operating (EBIT) Margin (EBIT / Revenue)	45.9%	30.3%	38.5%	43.9%	42.1%
Net Margin (Profit for the year / Revenue)	29.3%	21.2%	31.2%	45.7%	46.1%
Return on Common Equity (Net Income / Average Equity)	30.2%	25.1%	44.7%	42.9%	30.7%
Return on Assets (Net Income / Average Assets)	10.0%	7.2%	16.7%	6.6%	3.7%

The Issuer's revenue increased to €2.3m in FY22 (FY21: €1.3m). Revenue is derived from consultancy services, supplies in connection with reverse osmosis plants, related after-sales services, desalination, sewage treatment facilities, laboratory analysis, information technology and sale of parts. The biggest revenue contributor comes from waste management services representing 35% of the Issuer's revenue in FY22 (FY21: 44%). During FY22, an industrial reverse osmosis was commissioned which helped push revenue up by 75.2% to €2.3m.

Early on in FY23, the Issuer has already completed for commissioning an industrial reverse osmosis and plans on commissioning another one later on in FY23 with revenue forecasted to be in the region of €2.4m. Cost of sales primarily consist of direct costs related to consultancy and other services provided by the Issuer. In line with the higher revenue generated in FY22, cost of sales increased to €1.3m in FY22 and are projected to remain at this level in FY23 and FY24.

Gross profit for the Issuer amounted to €1.1m in FY22 (FY21: €560k) with a corresponding gross profit margin of 45.7% (FY21: 42.7%). Going forward gross profit and consequently gross profit margins are expected to remain at similar levels in FY23 and FY24. In the provision of its services and carrying out of its operations, the Issuer relies substantially on the resources available to WSC. These resources vary from infrastructure to expertise developed by WSC and its employees.

In line with this, the Issuer pays a yearly management fee to the Guarantor. This management fee has both a fixed portion (reviewed every 3 years) and a variable portion, which covers the variable costs that come with each service provided for the Issuer. The fixed fee is the main component of administrative cost whilst the variable fee is included as part of cost of sales. Other administrative costs include audit fees, professional fees, bank charges, movements in allowance for Expected Credit Losses (“ECL”) and adjustments from adoption of new IFRS retrospectively.

In FY21, other income totalled €17k and came from a movement in the inventory provision following a change in working methodology. A provision on inventory is accounted for in view of forecasted obsolescence on parts of reverse osmosis and dispensers installed in schools. This led to an EBITDA of €900k in FY22 up from €400k in FY21. EBITDA is expected to increase to €1.1m in FY23 and remain at this

level in FY24 with corresponding EBITDA margins of 44.8% and 44.2%. Depreciation in the historical period under review was negligible. Following the bond issue in FY23, the Issuer will account for yearly amortisation of bond issue costs, which are forecasted to amount to €21k and €50k in FY23 and FY24 respectively.

In FY21, finance income totalled €54k and consisted of rental income on leasing of water dispensers to schools (€45k) and interest on the loan advanced to MEL (€8k). In FY22, finance income totalled €0.2m as it represents a full year’s interest on the loan advanced to MEL as well as a new loan of €150k, which was issued to MDGE. In FY23 and FY24, finance income is projected to increase substantially to €0.5m and €1.2m respectively with finance costs amounting to €0.5m and €1.1m representing the interest payments to bondholders.

Profit before tax in FY22 came in at €1.1m (FY21: €0.5m) and is forecasted to remain at the levels in FY23 and FY24. In FY22 tax payments amounted to €0.4m whilst in FY23 and FY24 minimal tax payments are projected which should push profit for the year up to €1.1m in both years (FY22: €0.7m). Net profit margins are expected to reach 46.1% in FY24 (FY22: 31.2%) with return on common equity and return on assets expected to be at 30.7% (FY22: 44.7%) and 3.7% (FY22: 16.7%).

2.2 Issuer's Statement of Financial Position

Statement of Financial Position	2020A	2021A	2022A	2023F	2024P
	€000s	€000s	€000s	€000s	€000s
Assets					
Non-current assets					
Property, plant and equipment	-	15	24	-	-
Finance lease receivable	-	685	823	629	-
Loan receivable	-	337	422	24,988	24,500
Total non-current assets	-	1,037	1,269	25,617	24,500
Current assets					
Inventories	377	554	533	867	-
Finance lease receivable	-	28	39	-	-
Loan receivable	-	12	64	-	-
Trade and other receivables	580	811	965	1,750	485
Cash and cash equivalents	1,971	2,359	932	659	5,067
Total current assets	2,928	3,764	2,533	3,276	5,552
Total assets	2,928	4,801	3,802	28,893	30,052
Equity and liabilities					
Capital and reserves					
Share capital	5	5	5	250	250
Retained earnings	964	1,242	1,960	2,786	3,889
Total equity	969	1,247	1,965	3,036	4,139
Non-current liabilities					
Interest bearing borrowings	-	-	-	24,521	24,571
Trade and other payables	-	246	264	-	-
Total non-current liabilities	-	246	264	24,521	24,571
Current liabilities					
Trade and other payables	1,701	2,931	1,332	1,335	1,336
Current tax liabilities	258	377	241	1	6
Total current liabilities	1,959	3,308	1,573	1,336	1,342
Total liabilities	1,959	3,554	1,837	25,857	25,913
Total equity and liabilities	2,928	4,801	3,802	28,893	30,052

Ratio Analysis	2020A	2021A	2022A	2023F	2024P
Financial Strength					
Gearing 1 (Net Debt / Net Debt and Total Equity)	N/A	N/A	N/A	88.7%	82.5%
Gearing 2 (Total Liabilities / Total Assets)	66.9%	74.0%	48.3%	89.5%	86.2%
Gearing 3 (Net Debt / Total Equity)	N/A	N/A	N/A	7.9	4.7
Net Debt / EBITDA	N/A	N/A	N/A	22.7	18.4
Current Ratio (Current Assets / Current Liabilities)	1.5x	1.1x	1.6x	2.5x	4.1x
Quick Ratio (Current Assets - Inventory / Current Liabilities)	1.3x	1.0x	1.3x	1.8x	4.1x
Interest Coverage level (EBITDA / Finance costs)	N/A	N/A	N/A	2.4x	1.0x

The Issuer's total assets stood at €3.8m as at 31 December 2022. Non-current assets made up 33.4% of total assets and consisted primarily of finance lease receivables of €0.8m and loan receivables of €0.4m. Current assets on the other hand consisted mainly of inventories of €0.5m, trade and other receivables of €1.0m and cash and cash equivalents of €0.9m. Total assets shrunk by 20.1% over FY21 levels mainly

due to the lower cash and cash equivalents, which dropped by €1.5m in FY22 as explained further in section 2.3.

The finance lease receivables represent finance leasing agreements which the Issuer entered into as a lessor, with various public schools around Malta for certain water dispensers as from FY21. The loan receivable balance constitutes two loans as explained in section 2.1. The loans

are unsecured, bear interest of 4.5% per annum and are to be repaid in full, including the agreed interest by 2028 and 2029 respectively. Inventories include the cost of raw materials and consumables and are reported as net of any provisions for obsolete stock. Trade and other receivables increased from €0.8m in FY21 to €1.0m in FY22 in line with the higher revenue.

Total equity amounted to €2.0m in FY22 and was made up mostly of retained earnings. In FY23, the Issuer will increase its share capital to €250k. This share capital increase along with the forecasted increases in retained earnings due to higher projected net income is expected to lead to a total equity of 3.0m in FY23 and 4.1m in FY24. When it comes to liabilities, as at FY22, the larger portion (85.6%) came in the form of current liabilities. In FY22, total liabilities decreased

by €1.7m over FY21 and came in at €1.8m. This reduction is principally due to the repayment of the amount owed to WSC of €0.6m in line with the Group's cash flow management strategy and a decrease in current trade payables of €1.0m. The Issuer had no debt during the period under review.

Going forward, the issuer is forecasting a large increase in its total liabilities in line with the bond issue in FY23, which will push non-current liabilities up to €24.5m and total liabilities to €25.9m. Following the bond issue, the Issuers gearing is expected to be in the region of 88.7% and this is forecasted to decrease slightly to 82.5% in FY24. The Issuer's current ratio remained above 1.0x in all three historical periods and is expected to surpass 2.0x in FY23 and FY24.

2.3 Issuer's Statement of Cash Flows

Cash Flows Statement	2020A	2021A	2022A	2023F	2024P
	€000s	€000s	€000s	€000s	€000s
Cash flows from operating activities					
EBITDA	459	399	885	1,052	1,057
Adjustments	1	1	-	-	-
Cash generated from operations	460	400	885	1,052	1,057
Changes in working capital	151	353	(1,858)	(1,301)	2,133
Cash flow from operations	611	753	(973)	(249)	3,190
Finance income	-	54	239	-	1,165
Finance costs	-	-	-	-	(1,063)
Tax paid	(51)	(55)	(544)	(241)	(1)
Net cash from operating activities	560	752	(1,278)	(490)	3,291
Cash flows used in investing activities					
Disposal/(Purchase) of property, plant and equipment	-	(16)	(11)	24	-
Movements in long-term loan receivables	-	-	-	-	422
Movements in long-term finance lease receivable	-	-	-	194	630
Loan provided to related party	-	(350)	(150)	(24,501)	65
Net cash flows used in investing activities	-	(366)	(161)	(24,283)	1,117
Cash flow used in financing activities					
Repayment of loan from related party	-	1	12	-	-
Bond proceeds	-	-	-	25,000	-
Bond issue costs	-	-	-	(500)	-
Net cash flows from financing activities	-	1	12	24,500	-
Cash and cash equivalents at start of year	1,411	1,971	2,358	931	659
Movement in cash and cash equivalent	560	387	(1,427)	(272)	4,408
Cash and cash equivalents at end of year	1,971	2,358	931	659	5,067

Ratio Analysis	2020A	2021A	2022A	2023P	2024P
<i>Cash Flow</i>	€000s	€000s	€000s	€000s	€000s
Free Cash Flow (Net cash from operations + Interest - Capex)	560	736	(1,289)	(514)	4,354

Cash flows generated from operations are driven by the Issuer's operations. In FY22, largely negative changes in working capital led to a net cash outflow from operations of €1.3m. The negative movement in working capital stems mainly from a reduction in trade and other payables of €1.6m, €0.6m of which is in relation to the repayments of amounts due to WSC. In FY21, cash generated from operations amounted to €0.8m. Going forward the Issuer expects outflows from operating activities of €0.5m in FY23, again due to negative movements in working capital. In FY24, cash from operations will turn positive due to positive movements in working capital. In FY24, the finance costs in relation to the bond issue are forecasted to largely net out with finance income.

Cash flows used in investing activities in FY22 amounted to €0.2m (FY21: €0.4m) and relate to the loans provided to MEL

in FY21 and MDGE in FY22. In FY23, the proceeds from the bond issue will be passed on to related parties and result in an outflow of €24.3m. In FY24, the Issuer is forecasting investing activities to result in an inflow of €1.1m mainly from positive movements in both long-term loan receivables and long-term finance lease receivables. Financing activities were negligible in the historical period under review. In FY23, the Issuer is forecasting an inflow of €24.5m, which relates to the bond proceeds, net of the bond issue costs. No financing activities are forecasted for FY24. These movements resulted in a net negative movement in cash and cash equivalents of €1.4m in FY22, which led to a closing cash, and cash equivalents balance of €0.9m in FY22. In FY23 and FY24 cash and cash equivalents are projected to amount to €0.7m and €5.1m respectively.

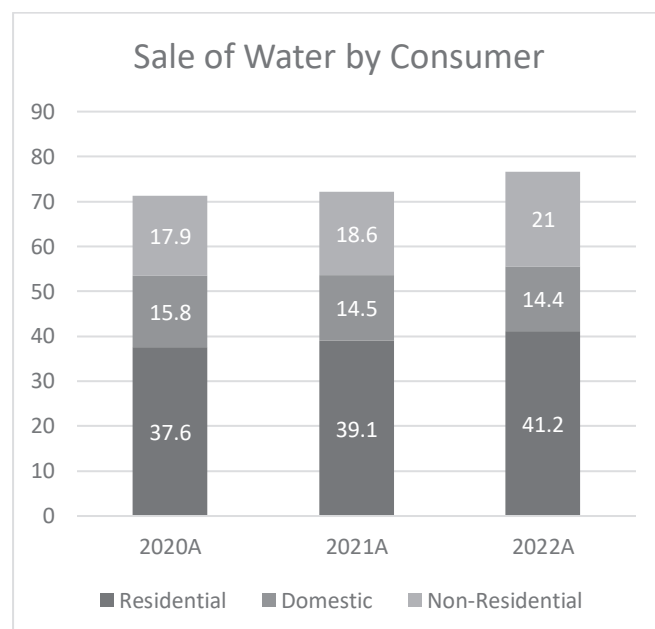
2.4 Guarantor's Income Statement

Income Statement	2020A	2021A	2022A	2023F	2024P
	€000s	€000s	€000s	€000s	€000s
Revenue	76,053	77,921	82,300	83,563	83,807
Government subsidies	30,139	30,257	32,530	30,759	32,309
Operating and administrative expenses	(72,967)	(78,354)	(82,245)	(82,894)	(85,157)
Cost of service pensions due to Government	455	589	1,290	-	-
EBITDA	33,680	30,413	33,875	31,428	30,959
Depreciation	(22,337)	(22,763)	(22,090)	(19,545)	(21,005)
EBIT	11,343	7,650	11,785	11,882	9,954
Share of results of jointly-controlled entity	53	76	64	-	-
Finance income	1,497	1,520	1,615	1,285	1,226
Finance costs	(1,845)	(1,724)	(1,535)	(2,112)	(2,529)
Profit before taxation	11,048	7,522	11,929	11,055	8,650
Tax expense	(166)	(147)	(407)	-	-
Profit for the year	10,882	7,375	11,522	11,055	8,650
Other comprehensive loss					
Remeasurements of post-employment benefit obligations	(460)	(556)	(429)	-	-
Total comprehensive income for the year	10,422	6,819	11,093	11,055	8,650

Ratio Analysis	2020A	2021A	2022A	2023F	2024P
Profitability					
Growth in Revenue (YoY Revenue Growth)	N/A	2.5%	5.6%	1.5%	0.3%
EBITDA Margin (EBITDA / Revenue)	44.3%	39.0%	41.2%	37.6%	36.9%
Operating (EBIT) Margin (EBIT / Revenue)	14.9%	9.8%	14.3%	14.2%	11.9%
Net Margin (Profit for the year / Revenue)	13.7%	8.8%	13.5%	13.2%	10.3%
Return on Common Equity (Net Income / Average Equity)	8.2%	5.1%	7.6%	7.1%	5.2%
Return on Assets (Net Income / Average Assets)	2.4%	1.5%	2.4%	2.3%	1.8%

The Group's main source of revenue is derived from the acquisition, production, distribution and sale of water for domestic, industrial and commercial use. The Group's revenue is also derived from the treatment and disposal or re-use of sewage, which revenue is generated by the Issuer. Revenue also includes ancillary fees related to new portable water services, temporary meters and recharges of salaries and wages of individuals seconded to the Government.

Total revenue in FY22 amounted to €82.3m, a 5.6% increase over FY21 levels. This increase in revenue is mainly due to the continued drive to improve billing efficiencies through the smart metering replacement programme together with increases in consumption. Of the €82.3m in revenue, €76.6m relate to the sale of water. Furthermore, of this €76.6m, €56.5m relate to the 23.1m m³ consumed. The remaining €20.1m is related to service charges. Further analysis on the sale of water analysed by consume type can be found in the following chart.



Revenue is forecasted to remain stable in FY23 and FY24. Government subsidies cover recurrent expenditure and deferred government grants. Although WSC charges consumers for the sale of water, it does not charge consumers for wastewater treatment or usage of new water.

In order to produce and distribute water, as well as collect and treat wastewater, WSC incurs significant capital expenditure annually. Whilst part of this capital expenditure is incurred directly by WSC, the Group is eligible for grants from the Government and EU funded schemes which cover qualified expenditure. The Group's treatment and re-use of wastewater is fully subsidised by the Government. This amount relates to deferred government grants. Total operating and administrative costs amounted to €82.3m in FY22 an increase of 3.8m from the €78.5m in FY21.

This increase relates to multiple factors. (1) the Group's continued investment in its human resources and talent retainment which resulted in an increase in salaries; (2) an increase in the cost of electricity as a result of a strategic decision to improve its blending ratio (going forward this will be mitigated through the renewable energy generated from the installation of solar farms from the bond proceeds); (3) commissioning of new plants, including the Sant' Antnin farm waste treatment plan and Hondoq Reverse Osmosis; (4) Increases in sub-contracted jobs such as project management, security and CCTV mains inspection; (5) An increase in the cost of raw materials, driven primarily by the pandemic and the Ukraine war; (6) other recurrent expenditure driven by a move towards subcontracting security services rather than increasing recruitment costs and an increase in consultancy engagements.

This increase in costs was also offset by savings in its repairs and maintenance department amounting to *circa* €0.9m due to a reduction in the repairs mainly to its wastewater network, with efforts being instead diverted towards capital investments to replace the old and deteriorated mains. Going forward, cost of sales and administrative expenses are forecasted to reach €85.2m in FY24. The above movements led to an EBITDA of €33.9m in FY22 with a corresponding EBITDA margin of 41.2% up from 39.0% in FY21. WSC's heavy

investment in its property, plant and equipment ("PPE"), especially in its water and wastewater infrastructural assets, led to a depreciation charge of €22.1m in FY22, which was slightly lower than the charge incurred in FY21. Going forward depreciation is forecasted to amount lower at €19.5m in FY23 before increasing to €21.0m in FY24.

In turn, EBIT came in at €11.8m in FY22, up by €4.1m over FY21 results. Finance income is largely made up of interest on amounts due from the Government and interest on outstanding trade receivables, and totalled €1.6m in FY22 (FY21: €1.5m) Finance costs on the other hand comprise of bank interest of €1.2m (FY21: €1.5m) and other interest of €0.3m (FY21: €0.2m). The decrease in bank interest between FY21 and FY22 was due to a repayment of €17.0m in bank loans. Finance income is forecasted to amount to €1.3m in FY23 and €1.2m in FY24 whilst finance costs are projected to be in the region of €2.1m and €2.5m in FY23 and FY24 respectively. Profit before taxation came in at €11.9m in FY22 (FY21: €7.5m).

Going forward profit before taxation is projected to be in the region of €11.1m and €8.7m in FY23 and FY24 respectively. Despite the Group generating significant profits over the period under review, tax expense charges are minimal due to the significant unabsorbed losses and capital allowances for which no deferred tax asset is recognised for consistency purposes. Furthermore, the remeasurements of post-employment benefit obligations is in relation to interest and service costs on employee pension schemes set up in accordance with IAS 19. This led to total comprehensive income of €11.1m in FY22 (FY21: €6.8m). In FY23 and FY24 the Group is projecting total comprehensive income to come in at €11.1m and €8.7m with corresponding implied return on common equity and return on asset ratios of 5.2% and 1.8% in FY24.

2.5 Guarantor's Statement of Financial Position

Statement of Financial Position	2020A	2021A	2022A	2023F	2024P
	€000s	€000s	€000s	€000s	€000s
Assets					
Non-current assets					
Property, plant and equipment	337,280	351,003	365,679	380,654	398,079
Finance lease receivables	-	685	823	-	-
Investments in subsidiaries	7	7	1	1	1
Investments in jointly-controlled entity	747	823	887	887	887
Loan receivable	-	337	422	264	217
Trade and other receivables	26,331	24,145	21,887	20,022	18,043
Total non-current assets	364,365	377,000	389,699	401,828	417,227
Current assets					
Inventories	18,510	23,978	24,321	24,515	24,052
Finance lease receivables	-	28	39	-	-
Loan receivable	-	12	64	42	47
Trade and other receivables	35,350	34,285	38,233	39,036	38,907
Cash and cash equivalents	23,125	15,226	1,551	12,664	12,215
Total current assets	76,985	73,529	64,208	76,257	75,220
Total assets	441,350	450,529	453,907	478,084	492,447
EQUITY AND LIABILITIES					
Capital and reserves					
Government contribution	73,142	73,142	73,142	73,142	73,142
Revenue reserve	58,438	65,812	77,334	88,389	97,039
Pension contributions reserve	(4,263)	(4,819)	(5,248)	(5,248)	(5,248)
Non-controlling interest	3	4	5	5	5
Total equity	127,320	134,140	145,233	156,288	164,938
Non-current liabilities					
Bond	-	-	-	24,521	24,571
Bank borrowings	55,370	50,822	34,237	29,613	24,950
Other borrowings	3,402	3,206	3,008	2,758	2,556
Deferred government grants	190,302	190,641	195,382	195,544	204,554
Provision for other liabilities and charges	10,166	9,726	8,102	8,099	8,099
Trade and other payables	-	246	264	-	-
Total non-current liabilities	259,240	254,641	240,993	260,535	264,729
Current liabilities					
Trade and other payables	39,289	45,926	46,426	47,025	47,826
Bond	-	-	-	-	-
Bank borrowings	4,512	4,548	11,256	4,623	4,663
Other borrowings	193	196	198	250	250
Deferred government grants	10,766	10,957	9,596	9,363	10,040
Current tax liabilities	30	122	205	-	-
Total current liabilities	54,790	61,749	67,681	61,261	62,779
Total liabilities	314,030	316,390	308,674	321,796	327,509
Total equity & liabilities	441,350	450,530	453,907	478,084	492,447

Ratio Analysis	2020A	2021A	2022A	2023F	2024P
Financial Strength					
Gearing 1 (Net Debt / Net Debt and Total Equity)	24.1%	24.5%	24.5%	23.9%	21.4%
Gearing 2 (Total Liabilities / Total Assets)	71.2%	70.2%	68.0%	67.3%	66.5%
Gearing 3 (Net Debt / Total Equity)	31.7%	32.5%	32.5%	31.4%	27.1%
Net Debt / EBITDA	1.2x	1.4x	1.4x	1.6x	1.4x
Current Ratio (Current Assets / Current Liabilities)	1.4x	1.2x	0.9x	1.2x	1.2x
Quick Ratio (Current Assets - Inventory / Current Liabilities)	1.1x	0.8x	0.6x	0.8x	0.8x
Interest Coverage level (EBITDA / Finance costs)	18.3x	17.6x	22.1x	14.9x	12.2x

In FY22, total assets stood at €453.9m (FY21: €450.5m). The Group's major assets consist of PPE of €365.7m (FY21: €351.0m), inventories of €24.3m (FY21: €24.0m) and trade and other receivables of €60.1m (FY21: €58.5m). Inventories mainly include mains, pipes and spare parts whilst the Group's trade and other receivables primarily relate to trade receivables, accrued income and amounts due from Government.

Going forward the Group is forecasting total assets to reach €478.1m in FY23 and €492.5m in FY24. The Group's equity totalled €145.2m in FY22 (FY21: €134.1m) and was made up of Government contributions of €73.1m, representing permanently converted debenture stock, retained earnings of €77.3m and pension contributions reserve of €5.2m which represents the movement in remeasurements of post-employment benefit obligations due to actuarial assumptions. In FY23, the Group is forecasting total equity to reach €156.3m due to increased revenue reserves with the other constituents of equity remaining relatively stable.

Non-current liabilities totalled €241.0m in FY22 (FY21: €254.6m) and mainly consisted of deferred Government grants, bank borrowings and provision for other liabilities and charges. Other borrowings relate to a Government loan, which is interest free and repayable at €250k per annum. Non-current liabilities are projected to reach €264.7m in FY24 mainly due to higher deferred government grants. Current liabilities totalled €67.7m in FY22 (FY21: €61.8m). These primarily relate to trade payables, bank borrowings and deferred Government grants. In FY23 and FY24 the Guarantors current liabilities are projected to reach €61.3m and €62.8m mainly due to lower bank borrowings. The Group's net gearing stood at 24.5% in FY22 and is forecasted to reach 21.4% in FY24. In FY22, the Group was exposed to a number of claims by third parties, including legal proceedings, arising in the ordinary course of its activities. It is not anticipated that any material liabilities will arise from the Group's exposure to these contingencies other than those that have been provided for amounting to €15.0m in FY22 and is split

between current and non-current liabilities, the current portion making up part of trade and other payables.

On 02 April 2019, the EU Commission endorsed the 'Net Zero Impact Utility' EU part-financed project being implemented by WSC. All these projects will support groundwater conservation, enhanced energy efficiency and improved water quality. Specifically, during the period under review, the additions to PPE include the commissioning of the Hondoq ir-Rummien Reverse Osmosis plant in Gozo and the Sant' Antnin farm waste treatment plant whilst the technical support system commissioned two new boosters at Qrendi and Fawwar. In FY22, the assets under construction totalled €84.1m and included €43.7m worth of water infrastructural works and €40.5m of wastewater works.

When analysing assets further we can see that the finance lease assets relate to finance leasing arrangements made as the lessors for certain water dispensers to customers. The Group also has a 50% holding in ARMS. The investment in the joint-controlled entity is measured using the equity method, and in FY22, it was valued at €887k (FY21: €823k). The loan receivable balances, which are split into current and non-current assets, represent two loans due from related parties. The first loan is due from MEL and is unsecured with an interest rate of 4.5% and is to be paid in full including the agreed interest by 2028. The second loan of €150k is due from MDGE is also unsecured, bears an annual interest rate of 4.5% and is to be paid in full including the agreed interest by 2029.

The Group's working capital was positive during the period under review, with inventories and trade and other receivables, exceeding trade and other payables. More specifically in FY22, the Group's net working capital was positive by €43.3m or 191 days. Inventory comprises of consumables stores and spare parts, mains and pipes and meters and other inventory. Inventory net of write-downs, increased from €18.5m in FY20 to €24.3m in FY22, with a corresponding increase in inventory days, from 89 days to 108 days respectively. Trade and other receivables

comprise of net trade receivables (€15.8m), amounts due from Government (€24.9m), accrued income (€15.0m) and other receivables (€4.7m). Trade receivables represent amounts billed but not yet paid by customers for the sale of water.

Trade debtor days, excluding expected credit loss provision, has decreased from 123 days in FY20 to 99 days in FY22. Whilst gross trade receivables totalled €22.3m in FY22, the Group had an allowance for expected credit loss on these receivables of €6.5m. Management explained that balances over 365 days are fully provided for, as they are difficult to recover.

Consumers are also charged interest of 8% per annum on unpaid balances of over 45 days. Accrued income represents the estimate of unbilled sales value in respect of water units supplied and service charge to customers between the date of their last meter reading and the end of the account period. In FY22 this estimate represents 19% (FY21: 14%) of the sale of water for the year.

Trade payables mainly relate to amounts due to suppliers in particular Enemalta on provision of electricity services to WSC whilst accruals represent invoices not yet received by end of reporting period. Within accruals, WSC accrues for electricity not yet billed by Enemalta as at reporting date.

In FY22 interest bearing loans and borrowings totalled €45.5m and comprised of: (1) a bank overdraft of €6.7m (current liability) repayable on demand, (2) an HSBC Loan of €15.8m (non-current liability) advanced in 2019 and is due for repayment in full by latest 30 July 2026, (3) an HSBC revolving loan of €3m (non-current liability) which was

taken out during the year and has no fixed repayment terms, (4) a European Investment Bank Loan (non-current liability) of €20.0m which facility is reimbursed by the Government and is deducted from the amounts due from Government included within trade receivables.

In FY22, the provision for other liabilities and charges comprises provisions for legal claims (€4.2m) and pension and other post-employment benefit plans (€10.7m) split between current and non-current liabilities.

Historically, apart from FY22, the Group has always managed to keep its current ratio above 1.0x. Management forecasts its current ratio to remain above 1.0x in the two forecasted years. Interest coverage ratios are also very healthy, remaining above 10x in the historical period and is projected to remain at this level in the two projected years.

2.6 Guarantor's Statement of Cash Flows

Cash Flows Statement	2020A	2021A	2022A	2023F	2024P
	€000s	€000s	€000s	€000s	€000s
Cash flows from operating activities					
EBITDA	33,680	30,413	33,875	31,428	30,959
Adjustment (unwinding of Government grant)	-	-	-	(9,240)	(9,363)
Working capital changes	2,586	2,607	(3,789)	2,242	3,414
Cash generated from operations	36,266	33,020	30,085	24,430	25,010
Finance income	1,497	1,520	1,615	1,285	1,226
Finance costs	(1,845)	(1,724)	(1,535)	(2,112)	(2,529)
Tax paid	(51)	(55)	(324)	(205)	-
Net cash from operating activities	35,867	32,761	29,841	23,398	23,707
Cash flows used in investing activities					
Disposal/(acquisition) of property, plant and equipment	(31,430)	(36,485)	(36,766)	(34,500)	(38,381)
Movements in investment in subsidiaries & joint-venture	-	-	(58)	-	-
Net cash flows used in investing activities	(31,430)	(36,485)	(36,824)	(34,500)	(38,381)
Cash flow used in financing activities					
Net cash movement in bank and other borrowings	(5,251)	(4,705)	(10,073)	(11,454)	(4,825)
Bond issue proceeds	-	-	-	25,000	-
Bond issue cost	-	-	-	(500)	-
Movements in non-controlling interest	-	-	1	-	-
Grants received	6,127	530	3,380	9,169	19,050
Net cash flows from financing activities	876	(4,175)	(6,692)	22,215	14,225
Cash and cash equivalents as at 1 January	17,812	23,125	15,226	1,551	12,664
Net (decrease)/increase in cash	5,313	(7,899)	(13,675)	11,113	(449)
Cash and cash equivalents as at 31 December	23,125	15,226	1,551	12,664	12,215

Ratio Analysis	2020A	2021A	2022A	2023P	2024P
Cash Flow	€000s	€000s	€000s	€000s	€000s
Free Cash Flow (Net cash from operations + Interest - Capex)	4,095	(4,348)	(1,356)	(960)	(4,893)

In FY22 the Group's EBITDA increased by €3.5m over FY21. Negative movements in working capital however, led to a lower cash generated from operations. The negative working capital movements came mainly from a €1.5 reduction in trade and other payables and a €2.0m increase in trade and other receivables. Because of this, net cash from operating activities stood at €29.8m, down €3.0m from FY21. In FY23 and FY24, net cash from operating activities are projected to amount to €23.4m and €23.7m respectively.

Capital expenditure of €36.8m in FY22 resulted in a net cash outflow from investing activities of the same amount. This is more or less in line with the outflow in FY21. In the three historical periods, the Group spent *circa* €104.7m on capex. These investments were financed partly through cash generated from operating activities as well bank loans and grants received. Cash outflow from financing activities amounted to €6.7m in FY22, which is €2.5m more than the

FY21 figure (outflow of €4.2m) mainly due to higher bank borrowing repayments, which outweighed the higher grants received in FY22. No dividends were declared and distributed during the period under review. In FY22, the Group's ending cash balance stood at €1.6m, down from €15.2m in FY21. In FY23 and FY24 the Groups ending cash balance is expected to increase to €12.7m and €12.2m respectively mainly due to the €25.0m received from the bond issue in FY23 along with an expected increase in the grants to be received in FY24 and FY25.

Part 3 - Key Market and Competitor Data

At the time of publication of this Analysis, management considers that generally, it shall be subject to the normal business risks associated with the industries in which the companies are involved and operate and, barring unforeseen circumstances, does not anticipate any trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be deemed likely to have a material effect on the upcoming prospects of the companies and their respective businesses, at least with respect to the financial year 2023. However, investors are strongly advised to carefully read the risk factors disclosed in the Prospectus.

3.1. Economic Update¹

The Bank's Business Conditions Index (BCI) indicates that in May, annual growth in business activity was broadly unchanged compared to the previous month, and stood above its long-term average, estimated since January 2000. The European Commission confidence surveys show that sentiment in Malta decreased in May compared to April, but stood above its long-term average, estimated since November 2002. In month-on-month terms, sentiment fell across all sectors, with the strongest decline recorded in the retail sector.

Additional survey information shows that price expectations stood firmly below their year-ago level in the retail sector, and to a lesser degree, in industry and the services sector. By contrast, price expectations in the construction sector were significantly above the level recorded in May 2022. In May, the European Commission's Economic Uncertainty Indicator (EUI) for Malta turned negative when compared with April, indicating lower uncertainty. Uncertainty declined mostly in industry. In April, industrial production grew at a faster rate compared to March, while retail trade grew at a slower pace. The unemployment rate returned to the historic low of 2.8% in April, marginally lower than the rate of 2.9% registered in the previous month, and that of 3.0% registered in April 2022.

Commercial building permits in April fell, relative to their year-ago, and month-ago levels. By contrast residential permits increased. In May, the number of promise-of-sale agreements rose on a year-on-year basis, while the number of final deeds of sales fell. The annual inflation rate based on the Harmonised Index of Consumer Prices (HICP)

stood at 6.3% in May, down from 6.4% in the previous month. Inflation based on the Retail Price Index (RPI) decreased to 5.7%, from 5.8% in April. Maltese residents' deposits expanded at an annual rate of 1.4% in April, following an increase of 1.6% in the previous month, while annual growth in credit to Maltese residents moderated to 4.2%, from 5.4% a month earlier. In April, the Consolidated Fund recorded a higher deficit compared to a year earlier, as higher government expenditure more than outweighed a rise in government revenue.

3.2. Economic Outlook²

According to the Bank's latest forecasts, Malta's gross domestic product (GDP) growth is projected to slow down from around 7.0% in 2022, to 4.0% in 2023, and to ease slightly further to 3.8%, and 3.7%, in 2024 and 2025, respectively. When compared to the previous projections, the Bank's latest forecast for headline GDP is revised upwards throughout the projection horizon. Indeed, GDP growth was revised up by 0.3 percentage points in 2023, and by 0.2 percentage points in 2024 and 2025.

In 2023, net exports are expected to be the main contributor to GDP growth. This reflects the expected sharp slowdown in imports (goods imports specifically are set to contract after being boosted by strong investment in the aviation sector in 2022), as well as robust growth in exports. Meanwhile, domestic demand is expected to lower growth, as the base effect from the extraordinary investment in 2022 should offset positive contributions from government and private consumption. From 2024, domestic demand is expected to be the main driver of growth, as private consumption growth is expected to remain relatively robust despite relatively high inflation. Net exports are also projected to contribute positively in 2024 and 2025, due to robust services exports.

Employment growth is set to moderate to 3.6% in 2023 from 6.0% in 2022, which partly reflects the envisaged normalisation in economic activity towards potential growth. In the following two years, employment is set to expand by 2.7% and 2.4%, respectively. In view of relatively high inflation, as well as tight labour market conditions, nominal wage growth is projected to be relatively strong from a historical perspective. Compensation per employee is thus set to grow by 5.5% in 2023, 4.9% in 2024 and 3.9% in 2025, outpacing consumer price inflation during the later period of the projection horizon.

¹ Central Bank of Malta – Economic update – 06/2023

² Central Bank of Malta – Economic projections – 2023 - 2025

Annual inflation based on the Harmonised Index of Consumer Prices (HICP) is projected to moderate to 5.3% in 2023, as international supply bottlenecks are expected to ease further. However, lingering indirect effects from recent increases in input costs are set to keep inflation high from a historical perspective. The fall in inflation in 2023 reflects a broad-based decrease across all sub-components of HICP, except for energy inflation, as energy prices are expected to remain unchanged in view of government support measures. Services is envisaged to be the main contributor to HICP inflation, but food and non-energy industrial goods (NEIG) are also projected to contribute to annual HICP inflation in 2023.

The general government deficit is set to decline to 4.9% of GDP in 2023, from 5.8% in 2022. It is then set to continue declining over the rest of the forecast horizon, reaching 3.4% of GDP by 2025. This improvement is driven by a declining share of expenditure in GDP, mainly due to the profile of inflation-mitigation measures. The general government debt ratio is set to increase throughout the forecast horizon, and to reach 55.3% by 2025. This is driven by the expected level of primary deficits, which partly offset the debt-decreasing impact of the interest-growth differential.

On balance, risks to economic activity are tilted to the downside for 2023 and 2024 and are more balanced thereafter. The main downside risks relate to the possibility of stronger than envisaged weakness in the international economic environment, which could lead to lower exports. Foreign demand may also be weaker than expected if monetary policy in advanced economies tightens more forcibly than assumed in this projection round. GDP data for the first quarter of the year also implies some downside risks to domestic demand. On the other hand, private consumption could surprise on the upside if wage growth is higher than expected, particularly in the outer years of the projection horizon.

Risks to inflation are to the upside for the entire projection horizon. Indeed, inflation could be more persistent than assumed in the baseline projections and could continue to be affected by indirect effects from past increases in commodity prices. Moreover, second round effects from higher wages and profit margins could also prolong high

inflation. Conversely, further monetary tightening and lower foreign demand could ease inflationary pressures in the medium-term.

On the fiscal side, risks are on the downside (deficit-increasing) particularly in 2023. These mainly reflect the likelihood of additional support measures towards Air Malta. Deficit-decreasing risks in the outer years of the forecast horizon mainly relate to fiscal consolidation pressures as the general escape clause in the Stability and Growth Pact is deactivated at the end of 2023.

3.3. Demand for Water

The demand for water is driven by a multitude of factors. These factors include population growth, economic development, agriculture, climate patterns, industrial demands, lifestyle choices, water management, and conservation efforts. Global freshwater use has increased by a factor of six over the past 100 years and continues to grow at a rate of roughly 1% per year since the 1980s. Much of this growth can be attributed to a combination of the aforementioned factors. Unfortunately, the overall increase in the demand for water is putting a strain on available supplies.

According to Management, since 2005, consumption of public water in Malta has increased by an average of 1.3% per year. For the time being, supply has kept up with the increase in demand mainly due to a reduction in the infrastructural leakages of 3.54m m³ or 49.8% in the water distribution network. This is in line with the latest data published by NSO in 2022³, which shows that local water consumption in Malta has been steadily increasing at a compound annual growth rate of 2% over the past 13 years, reaching 31.8m m³ in 2022 (compared to 24.7m m³ in 2010). This increase is attributed to population growth and economic development.

According to Eurodice⁴, Malta's population has also increased by 30.4% since 2000, resulting in an increased demand for water for both domestic and industrial use. Additionally, the surge in the number of tourists, particularly in 2019, led to record water consumption levels exceeding 30m m³. During the pandemic, similar levels of consumption were recorded. This is presumably due to an increase in household water usage as a result of individuals spending more time indoors.

³<https://nso.gov.mt/wp-content/uploads/2023-02-22-Environment-Indicators.xlsx>

⁴<https://eurydice.eacea.ec.europa.eu/national-education-systems/malta/population-demographic-situation-languages-and-religions>

Over the last decade, the residential sector in Malta has been the primary consumer of water, making up 69% to 71% of the total water usage. The service sector, which includes hotels, restaurants, and shops, is the second-largest consumer, accounting for an average of 21% of total water consumption over the last 12 years, peaking at 24% right before the pandemic.

According to the European Environment Agency (EEA)⁵, an average of 53m³ of water is supplied to households in Europe every year, compared to an average of 40m³ of water used by households in Malta every year. This is because as a culture, the Maltese population does not waste water, since it is a scarce resource.

⁵<https://water.europa.eu/freshwater/europe-freshwater/freshwater-themes/water-resources-europe>

3.4. Comparative Analysis

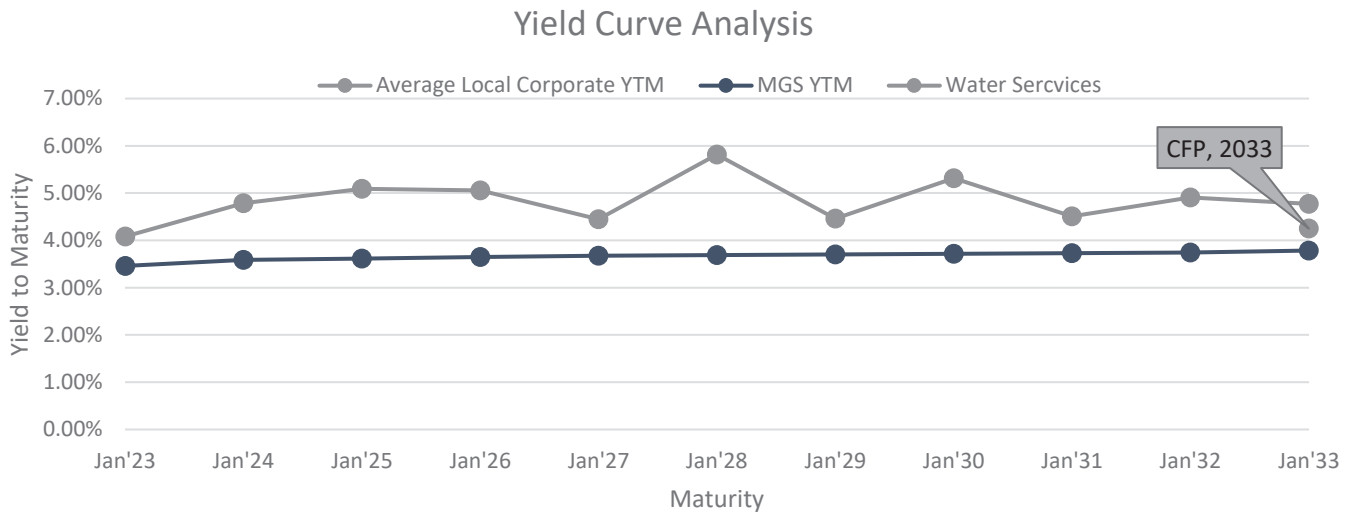
The purpose of the table below compares the Bond issued by the Issuer to other debt instruments. One must note that given the material differences in profiles and industries, the risks associated with the Group's business and that of other issuers is therefore different.

Security	Nom Value	Yield to Maturity	Interest coverage (EBITDA)	Total Assets	Total Equity	Total Liabilities / Total Assets	Net Debt / Net Debt and Total Equity	Current Ratio	Return on Common Equity	Net Margin	Revenue Growth (YoY)
	€000's	(%)	(times)	(€ millions)	(€ millions)	(%)	(%)	(times)	(%)	(%)	(%)
4% Cablenet Communication Systems plc Unsecured € 2030	40,000	4.85%	6.8x	110.4	3.1	66.0%	95.1%	2.5x	-90.8%	-8.2%	19.4%
4.25% Mercury Projects Finance plc Secured € 2031	11,000	4.32%	2.6x	179.4	37.2	79.3%	37.5%	3.0x	24.1%	22.9%	666.2%
3.9% Browns Pharma Holdings plc Unsec Call € 2027-2031 (xd)	13,000	4.51%	5.2x	73.0	26.9	62.0%	43.0%	1.1x	109.3%	6.4%	126.7%
3.65% Mizzi Organisation Finance plc Unsecured € 2028-2031	45,000	4.50%	3.6x	288.7	90.2	68.8%	54.3%	0.8x	5.8%	4.4%	0.0%
3.65% IHI plc Unsecured € 2031	80,000	4.55%	0.7x	1,662.0	817.9	50.8%	36.2%	0.8x	-0.3%	-1.0%	84.3%
3.5% AX Real Estate plc Unsecured € 2032	40,000	4.20%	2.6x	422.8	248.2	41.3%	30.0%	1.1x	-0.1%	-0.7%	8.1%
5% Mariner Finance plc Unsecured € 2032	36,930	5.00%	4.8x	128.3	62.3	51.4%	49.9%	2.6x	9.9%	29.3%	32.3%
5% Von der Heyden Group Finance plc Unsecured € 2032	35,000	5.13%	0.6x	142.0	41.1	71.1%	65.4%	2.1x	-2.7%	-7.2%	32.3%
4.3% Mercury Project Finance plc Secured € 2032	50,000	4.37%	2.6x	179.4	37.2	79.3%	37.5%	3.0x	24.1%	22.9%	666.2%
4% Central Business Centres plc Unsecured € 2027-2033	21,000	4.52%	1.3x	58.2	23.8	59.1%	55.3%	0.7x	0.8%	10.0%	19.9%
4.75% Dino Fino Finance plc Secured € 2033	7,800	4.70%	(2.0)x	16.5	3.4	79.3%	68.6%	0.9x	-34.4%	-21.8%	N/A
4.24% ClearFlowPlus plc Unsecured € 2033	25,000	4.25%	22.1x	453.9	145.2	68.0%	24.5%	0.9x	7.6%	13.5%	5.6%
	* Average	4.60%									

Source: Latest Available Audited Financial Statements

Last price as at 04/07/2023

* Average figures do not capture the financial analysis of the Group



Source: Central Bank of Malta and Malta Stock Exchange (MSE)

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

As at 4 July 2023, the average spread over the Malta Government Stocks (MGS) for issuers with a maturity range

of 7-10 years (2030 – 2033) was 86 basis points. The proposed ClearFlowPlus plc bond is being priced with a 4.25% coupon issued at par, meaning a spread of 46 basis points over the equivalent MGS, and therefore at a discount to the average on the market of 40 basis points. It is pertinent to note that both the Issuers’ maturity and industry are significantly different to the corporates identified and as such its risks also differ to that of other issuers.

Part 4 - Glossary and Definitions

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

Cash and Cash Equivalents	Cash and cash equivalents are Group/Company assets that are either cash or can be converted into cash immediately.
Total Equity	Total Equity is calculated as total assets less liabilities, representing the capital owned by the shareholders, retained earnings, and any reserves.
Total Liabilities	What the Group/Company owes which can be further classified into Non-Current Liabilities and Current Liabilities.
Non-Current Liabilities	Obligations which are due after more than one financial year.
Current Liabilities	Obligations which are due within one financial year.
Total Debt	All interest-bearing debt obligations inclusive of long and short-term debt.
Net Debt	Total debt of a Group/Company less any cash and cash equivalents.

Financial Strength Ratios

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

Other Definitions

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

Calamatta Cuschieri Investment Services Limited

Ewropa Business Centre, Triq Dun Karm, Birkirkara, BKR 9034, Malta
www.cc.com.mt

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