

# SUMMARY

dated 21 July 2020

This Summary is issued in accordance with the provisions of Chapter 4 of the Listing Rules issued by the Listing Authority and of the Prospectus Regulation.

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

**/// cablenet**

## **CABLENET COMMUNICATION SYSTEMS PLC**

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

**ISIN: MT0002461201**

**THIS SUMMARY HAS BEEN APPROVED BY THE LISTING AUTHORITY AS THE COMPETENT AUTHORITY UNDER THE PROSPECTUS REGULATION. THE LISTING AUTHORITY ONLY APPROVES 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 12 MONTHS FROM THE DATE HEREOF. 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.**

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### **Legal Counsel**

**MAMO TCV**  
A D V O C A T E S

### **Sponsor, Manager & Registrar**

 **RIZZO FARRUGIA**  
YOUR INVESTMENT CONSULTANTS

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### **APPROVED BY THE DIRECTORS**



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

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

## A. INTRODUCTION AND WARNINGS

This summary should be read as an introduction to the Prospectus. Any decision to invest in the Bonds should be based on consideration of the Prospectus as a whole by the investor. An investor investing in the Bonds could lose all or part of the invested capital. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled this summary including any translation thereof, but only where this summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Bonds.

Details of the Issuer and the Bonds are as follows:

Legal Name of Company: Cablenet Communication Systems plc  
Registered Address: Nimeli Court, Block A, Floor 2, 41-49 Ayiou Nicolaou Street, Engomi, 2048, Nicosia, Cyprus  
Registration Number: HE 137520  
Legal Entity Identifier: 485100BNIOSXTXYK9465  
Email Address: info@cablenetcy.net

The Bonds will have the following ISIN code: MT0002461201.

The Prospectus has been approved by the Listing Authority as the competent authority under the Prospectus Regulation on 21 July 2020. The Listing Authority only approves the Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval shall not be considered as an endorsement of the Issuer.

Details of the Listing Authority:

Address: Malta Financial Services Authority, Triq I-Imdina,  
Zone 1, Central Business District, Birkirkara CBD 1010, Malta.  
Tel: +356 21441155  
Website: www.mfsa.mt

## B. KEY INFORMATION ON THE ISSUER

### WHO IS THE ISSUER OF THE SECURITIES?

#### GENERAL

The Issuer's legal and commercial name is Cablenet Communication Systems plc, a public limited liability company incorporated and operating under Cypriot law with LEI 485100BNIOSXTXYK9465.

#### PRINCIPAL ACTIVITIES

The Issuer is a telecommunications provider in Cyprus and operates under licence 7/2004 granted by the Office of the Commissioner of Electronic Communications and Postal Regulation.

#### SHARES AND OWNERSHIP

The following table sets out the shareholders owning 10% or more of the shares in the Company, based on information available to the Company as at 21 July 2020:

SHAREHOLDER	NO. OF SHARES	%
GO p.l.c.	2,026,205	60.26
Mr. Nicolas Shiacolas	1,336,360	39.74

#### KEY MANAGING DIRECTORS AND STATUTORY AUDITOR

The members of the Board of Directors are Faker Hnid, Iosif Iosifakis, Neoclis Nicolaou, Nikhil Patil, Samir Saied, Nicolas Shiacolas, Paul Testaferrata Moroni Viani, Periklis Theodoridis and Michael Warrington.

The Company's statutory auditor is Grant Thornton (Cyprus) Ltd, a firm registered as a limited liability company holding a practicing certificate to act as auditors in line with the requirements of the Cyprus Auditor's Law of 2017.

#### WHAT IS THE KEY FINANCIAL INFORMATION REGARDING THE ISSUER?

The Company's audited financial statements for the three financial years ended 31 December 2017, 2018 and 2019 are available for inspection at the Company's registered office. The financial statements have been drawn up in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

There has been no significant change in the Company's financial or trading position since 31 December 2019, the last period for which audited financial statements have been prepared.

CONDENSED INCOME STATEMENT	FY17	FY18	FY19
	€000's	€000's	€000's
Revenue	30,983	33,448	39,845
Cost of sales	(14,856)	(15,547)	(23,053)
<b>Gross profit</b>	<b>16,127</b>	<b>17,901</b>	<b>16,792</b>
S&D and Administration expenses	(12,443)	(13,329)	(15,358)
<b>Operating profit</b>	<b>3,684</b>	<b>4,572</b>	<b>1,434</b>
Net finance costs	(1,283)	(1,181)	(1,294)
<b>Profit before tax</b>	<b>2,401</b>	<b>3,391</b>	<b>140</b>
Tax	(268)	(450)	(80)
<b>Net profit for the year</b>	<b>2,133</b>	<b>2,941</b>	<b>60</b>

The Company's revenue increased from €31.0 million in 2017 to €39.8 million in FY19, equivalent to a compound annual growth rate of 13.4% per annum over the period. Revenue growth was largely driven by an overall increase in the Company's subscriber base, mainly due to the expansion of the network in new areas in Cyprus and the introduction of new football related packages since mid-2019.

Profit for the year increased from €2.1 million in FY17 to €2.9 million in FY18 but contracted to €60,000 in FY19. The reduction in FY19 is primarily due to an increase in depreciation and amortisation charge that reflects the amortisation of the rights acquired to televise football matches.

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT	31 DEC 2017	31 DEC 2018	31 DEC 2019
	€000's	€000's	€000's
<b>ASSETS</b>			
Non-current assets	41,183	43,430	65,227
Current assets	4,208	5,492	7,164
<b>Total assets</b>	<b>45,391</b>	<b>48,922</b>	<b>72,391</b>
<b>Equity</b>			
Share capital	4,664	4,664	5,750
Other reserves	10,758	10,758	26,394
Accumulated losses	(14,884)	(14,608)	(16,041)
<b>Total equity</b>	<b>538</b>	<b>814</b>	<b>16,103</b>
<b>Liabilities</b>			
Non-current liabilities	30,489	32,997	33,702
Current liabilities	14,364	15,111	22,586
<b>Total liabilities</b>	<b>44,853</b>	<b>48,108</b>	<b>56,288</b>
<b>Total equity and liabilities</b>	<b>45,391</b>	<b>48,922</b>	<b>72,391</b>

The value of gross assets attributable to the Company as at 31 December 2019 amounted to €72.4 million (31 December 2018 €48.9 million). These mainly relate to network and machinery (€29.7 million), football rights (€13.6 million) and International Capacity (€11.4 million).

A significant increase can be noted in the book value of the Company's equity in FY19. During FY19, the Company issued 635,297 new ordinary shares of a nominal value of €1.71 each, at a premium of €24.61 per share. The Company declared total dividends of €5.3 million over the past three years, as required by Cypriot tax legislation.

Total liabilities as at 31 December 2019 amounted to €56 million, and comprised borrowings of €22.8 million, trade and other payables of €19.7 million and football rights liability of €10.2 million.

CONDENSED STATEMENT OF CASH FLOWS	TOTAL			
	FY17	FY18	FY19	FY17 - FY19
	€000's	€000's	€000's	€000's
Net Cash flows from operating activities	11,570	11,507	15,760	38,837
Net Cash flows from investing activities	(9,322)	(11,051)	(20,607)	(40,980)
Net Cash flows from financing activities	(2,291)	(877)	3,262	94
<b>Net movement in cash and cash equivalents</b>	<b>(43)</b>	<b>(421)</b>	<b>(1,585)</b>	<b>(2,049)</b>
Cash and cash equivalents at beginning of year	(1,484)	(1,527)	(1,948)	(1,484)
Cash and cash equivalents at end of year	(1,527)	(1,948)	(3,533)	(3,533)

During the period from 1 January 2017 to 31 December 2019, the Company generated total cash from operations of €38.8 million. Essentially, the Company's internal cash generation was applied to finance total capital expenditure of €41.0 million over the period.

#### WHAT ARE THE KEY RISKS THAT ARE SPECIFIC TO THE ISSUER?

- There is a dependence on the Cyprus Telecommunications Authority for the provision of a number of services on a wholesale basis. The most important of these are international capacity circuits and the RAN sharing arrangement.
- The Company's operations are dependent on the continuity of the agreement with the Electricity Authority of Cyprus giving it access to their pole network infrastructure and inter-city fibres.
- The size of the Cypriot telecommunications services market makes it highly competitive and gives rise to the possibility that other players may consolidate. This could result in the Company facing a larger and more efficient competitor which could result in a loss to the Company's competitive position.
- The economic impact of the coronavirus pandemic, particularly in relation to the Cyprus economy, may impact the operations and performance of the Issuer. Moreover, an impact to the economy may impact the Company's ability to seek additional finance is required.
- Changes to the regulatory environment in which the Company operates may adversely affect the business of the Issuer.

### C. KEY INFORMATION ON THE SECURITIES

#### WHAT ARE THE MAIN FEATURES OF THE SECURITIES?

The Bonds are being issued in an aggregate amount of up to €40,000,000 with a nominal value of €1,000 per Bond. The Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD. There are no special rights attached to the Bonds other than the right of the Bondholders to: (i) attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bonds; (ii) payment of capital and interest in accordance with the ranking of the Bonds; and (iii) such other rights attached to the Bonds emanating from the Securities Note.

The ISIN of the Bonds is: MT0002461201. Unless previously purchased and cancelled, the Bonds will be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on 19 August 2030. The Bonds shall bear interest from and including 18 August 2020 at the rate of 4% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be effected on

18 August 2021 (covering the period 18 August 2020 to 17 August 2021). The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer, and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured debt of the Issuer present and future, if any. Third party security interests may be registered by the Issuer which will rank in priority to the Bonds against the assets of the Issuer for so long as such security interests remain in effect.

The Bonds are freely transferable and are governed by and have been created in accordance with Cypriot law.

#### WHERE WILL THE SECURITIES BE TRADED?

Application has been made for the Bonds to be admitted to trading on the Official List of the MSE.

#### WHAT ARE THE KEY RISKS THAT ARE SPECIFIC TO THE SECURITIES?

- Secured or privileged debts of the Issuer shall rank at all times ahead of the obligations of the Issuer under the Bonds.
- The impact of CoVID-19 may impact the orderly and liquidity of capital markets and therefore, the Bonds.
- Due to the Company being incorporated in Cyprus with a primary listing on the Malta Stock Exchange, Bondholders may not benefit from certain rights and the enforcement of Bondholder rights may also come at a greater financial cost than would typically be expected in the case of a Maltese incorporated and MSE primary listed company.
- The terms and conditions of the Bonds permit 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.
- Failure of the Company to comply with both the applicable law in Cyprus and Malta may result in the suspension or discontinuation of listing of the Bonds.

### D. KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC AND/OR THE ADMISSION TO TRADING ON A REGULATED MARKET

#### WHY IS THE PROSPECTUS BEING PRODUCED?

The Company has produced and published the Prospectus in satisfaction of the Listing Rules and Prospectus Regulation applicable to bond issues and their admission to trading on the Official List of the MSE. The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately thirty-nine million five hundred thousand Euro (€39,500,000) will be used by the Issuer for the following purposes, in the amounts and order of priority set out below:

- a. the amount of *circa* €14.4 million will be used to repay the BOC FTL<sup>1</sup>;
- b. the amount of *circa* €7.3 million will be used to repay the Shareholder Loan<sup>2</sup>;
- c. the amount of *circa* €14.6 million will be used for capital expenditure; and
- d. the amount of *circa* €3.2 million will be used for general corporate funding.

Capital expenditure will be as follows:

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

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

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

The Bond Issue is conditional upon: (a) 75% of the Bond Issue being fully subscribed and (b) the Bonds being admitted to the Official List. Should only 75% of the Bond Issue be fully subscribed, the €29.5 million subscribed for will be used by the Issuer for the following purposes, in the amounts and order of priority set out below:

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

Capital expenditure will in this case be as follows:

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

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

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

## **CONFLICTS OF INTEREST IN RELATION TO THE BOND ISSUE**

Certain directors of the Company are also directors at GO, the recipient of part of the use of proceeds used to repay the Shareholder Loan.

## **UNDER WHICH CONDITIONS AND TIMETABLE CAN I INVEST IN THIS SECURITY?**

### **GENERAL TERMS AND CONDITIONS**

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

- a. the Issuer has entered into Pre-Allocation Agreements with a number of Authorised Financial Intermediaries in advance of the Offer Period, whereby the Company bound itself to allocate a total amount of €32 million worth of Bonds to such Financial Intermediaries. The Authorised Financial Intermediaries may subscribe for Bonds either for their own account or for the account of underlying customers, including retail clients. Authorised Financial Intermediaries shall, in addition, be entitled to either distribute to their underlying customers any portion of the Bonds subscribed for upon commencement of trading;
- b. the remaining balance of €8 million worth of Bonds shall be made available for subscription by Preferred Applicants by submitting an Application through their Authorised Financial Intermediary by not later than 12:00 hours on 6 August 2020; and
- c. the Authorised Financial Intermediaries shall be entitled to subscribe for the Bonds through an Intermediaries' Offer, for their own account or on account of their underlying clients, up to the balance, if any, of the Bonds not subscribed for by way of (a) and (b) above by submitting a subscription agreement by not later than 17:00 hours on 17 August 2020.

Subscription amounts shall be in multiples of €1,000, subject to a minimum initial subscription of €2,000. The allotment of Bonds in favour of successful Applicants is conditional upon 75% of the Bond Issue being fully subscribed and the Bonds being admitted to the Official List of the MSE. In the event that the Bonds are not admitted to the Official list of the MSE, 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 Application.

## EXPECTED TIMETABLE OF THE BOND ISSUE

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

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

## ADMISSION TO TRADING ON A REGULATED MARKET AND PLAN FOR DISTRIBUTION

Subject to admission to listing of the Bonds to the Official List of the MSE, the Bonds will be assigned ISIN MT0002461201. The Bonds will be allotted by the Company in accordance with its allocation policy.

## EXPENSES

The total expenses of the Bond Issue are estimated to be *circa* €500,000 and shall be borne by the Company. No expenses will be specifically charged by the Company to any Applicant who subscribes for Bonds.