

COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by GlobalCapital plc ("the Company") pursuant to the Listing Rules issued by the Listing Authority.

Quote

Annual General Meeting

Reference is made to the Company Announcement dated 11 August 2020, wherein the Company had announced that the Annual General Meeting ("AGM") had been postponed. The Company hereby wishes to inform the market that the AGM shall be held on Friday, 09 October 2020.

In view of the COVID-19 pandemic situation and in the interest of the health and safety of all concerned, the AGM shall be held remotely, as permitted by Legal Notice 288 of 2020 – Companies Act (Public Companies – Annual General Meetings Regulations), 2020 – published on 10 July 2020. In this regard, shareholders who wish to participate at the AGM are required to appoint the Chairman of the AGM as their proxy, indicating on the proxy form how the Chairman is to vote on each resolution put to the AGM. The said form of proxy must, however, be submitted to the Company Secretary by not later than forty-eight (48) hours prior to the date of the AGM.

Furthermore, shareholders who wish to put forward any questions relating to the items on the agenda of the AGM may do so in advance within forty-eight (48) hours prior to the date of the AGM. The Company shall provide an answer to such questions on its website within forty-eight (48) hours from the termination of the AGM.

Record Date & Nomination of Directors

Accordingly, 09 September 2020 shall be the Record Date on which all members then on the Register of Members of the Company at the Central Securities Depository of the Malta Stock Exchange shall be entitled to receive notice of the AGM and the relative Proxy Form.

The Company shall be accepting nominations in writing of candidates for the election of directors to take place at the AGM with effect from the 09 September 2020. All such nominations shall, on pain of nullity, be submitted on the prescribed form which may be collected from the Company's registered office at GlobalCapital plc, Testaferrata Street, Ta' Xbiex XB1403, Malta.

The Company shall accept such nominations by not later than 1700hrs on 24 September 2020.

Class 2 Transaction

As announced by the Company in its most recent annual report for the financial year ended 31 December 2019, which was approved by the Board of Directors during a meeting held 07 May 2020, the Company has been in discussions with the Malta Financial Services Authority (the "MFSA") in respect to a holistic strategic plan designed to (1) permanently resolve various legacy issues that continue to negatively impact the Company and its subsidiaries (collectively, the "Group"), as well as the Company's various stakeholders, and (2) support the consolidation and future growth of the Group's business.

The Company has finalised a draft high-level proposal and is currently being implemented by the Group, subject to various pending formal regulatory approvals that will be required in its implementation (the "Restructuring Plan"). The Company would like to announce that it is now moving forward with its implementation of the Restructuring Plan, which will involve the following high-level steps:

1) As previously disclosed to the market by virtue of an announcement published on 28 July 2020, the Board of Directors approved and signed merger documents for the Company to merge (by acquisition) with GlobalCapital Holdings Limited (C 29873) ("GCH"), currently its wholly owned subsidiary. The merger is expected to be complete in December 2020 following the conclusion of the statutory 3-month period required by Article 358 of the Companies Act, Chapter 386 of the Laws of Malta (the "Companies Act"). Once the merger is complete, the Company expects that it will hold all of the shares in GlobalCapital Life Insurance Limited (C 29086) ("GCLI") as well as all other assets currently held by GCH. The Group's main business line is insurance business, conducted through GCLI and GlobalCapital Health Insurance Agency Limited (C 6393) (the majority of which is owned by GCLI), both of which are authorised to conduct their business by the MFSA.

2) It is expected that GCLI will submit a formal application to the Listing Authority for the admissibility to listing of its shares on the Official List of the Malta Stock Exchange during Q4 2020. The listing of its shares will be made in conjunction with an offer for sale by the Company of at least 25% of the shares that it holds in GCLI (the "Proposed IPO").

As part of its application for admissibility to listing GCLI will be required to prepare and submit to the MFSA for approval a prospectus in terms of Regulation (EU) 2017/1129 (the "Prospectus"), which will cater for both the Proposed IPO and an offer to the Company's shareholders to exchange all of their shares in the Company for shares in GCLI based on an exchange ratio that is yet to be determined (the "Exchange Offer"). The Company will be undertaking the Exchange Offer concurrently with the Proposed IPO. The Company will only move ahead with the Proposed IPO and Exchange Offer once the merger (described above) is complete, at which point the Company will hold all of the shares in GCLI directly.

The exchange ratio for the Exchange Offer (i.e. the number of shares in the Company that a Shareholder will need to return to the Company in exchange for each share in GCLI) is yet to be determined but that will be based primarily on valuations of the Company's shares (and therefore of the Group as a whole) and of GCLI's shares, which valuation process is currently ongoing.

The Exchange Offer will effectively provide Shareholders with the ability to invest directly in the Group's insurance business (presently the most profitable part of the Group) while divesting their (indirect) interest in the Group's non-insurance business lines (which are the areas that have been less profitable and where the Group has encountered significant challenges in recent years). While the GCLI shares (on this basis) arguably constitute a better investment proposition to the Company's Shareholders than their present investment in the Company, the past performance of the Group's insurance business is not a guarantee of future performance and all Shareholders are strongly encouraged to review the full terms of the Prospectus (once and if this is approved by the Listing Authority) and to consult an independent investment advisor about the merits and risks of investing in GCLI shares pursuant to the Exchange Offer. Moreover, exchanging shares in the Company for shares in GCLI will create concentration risk, which is the risk that a lack of diversification in business (in this case GCLI's business being only the business of insurance) may lead to excessive exposures or concentration in one industry.

All of the shares in the Company received from Shareholders as consideration for the Exchange Offer will be cancelled by the Company in accordance with the provisions of Article 83 of the Companies Act, which cancellation shall be subject to further approval by the Company's Shareholders at the time at a general meeting to be called by the Company (shortly following the conclusion of the Exchange Offer) specifically for this purpose.

3) The Company presently intends to use the net proceeds of the Proposed IPO (i.e. the sale of shares in GCLI) primarily for the purpose of funding the additional liquidity that will eventually be required by the Company to redeem its €10 million 5% unsecured bonds that are due to mature in 2021 (the “**Outstanding Bonds**”). The Restructuring Plan (and Class 2 Transaction) will therefore operate as a form of refinancing of the Outstanding Bonds and generally improve both the Company’s and the Group’s capital position and structure. The Proposed IPO (i.e. the sale by the Company of at least 25% of its shares in GCLI) is expected to have a positive effect on the cash flow (from the (generation of proceeds from the sale of GCLI shares), earnings (although to a lesser extent, from possible capital gains on the sale of GCLI shares that will be realised by the Company), liabilities (as the Outstanding Bonds are intended to be redeemed in full using part or all of the proceeds from the sale of GCLI shares) and trading prospects of the Company and the Group.

4) Following the redemption of the Outstanding Bonds, the Company will take all actions required in terms of the Listing Rules to de-list its shares (including obtaining the required Shareholder approval). The Company may also consider commencing the de-listing process prior to the redemption of the Outstanding Bonds but with the actual de-listing to take place post redemption. In this regard, Shareholders should take careful note that if proposed Restructuring Plan moves ahead as planned, Shareholders who do not avail themselves of the Exchange offer will likely remain holding unlisted shares once these are de-listed. Although the secondary market for the Company’s shares is presently not particularly active or liquid, these shares will become even less liquid once they are de-listed, and it will arguably be more difficult for Shareholders to trade their shares in the Company post de-listing. There can be no assurance in either case (both prior to and post de-listing) that a Shareholder will be able to sell or otherwise trade in the Shares at all.

Notwithstanding the above and the fact that the Restructuring Plan is in the process of being implemented, there remains material uncertainty in the timing and execution of the Restructuring Plan. The Restructuring Plan (including the Class 2 Transaction) is conditional on the Company obtaining the approval of the Shareholders in the forthcoming Annual General Meeting and on a number of regulatory approvals that will need to be obtained from the MFSA, including but not limited to the approval of the Prospectus and other approvals that are required in terms of the Group’s various regulated activities. Moreover, several details of the Restructuring Plan and Proposed IPO are still under discussion between the Company and its various advisors and yet to be finalised including, for example (among other things), the number of shares in GCLI that will be offered to the public, the offer price and the exchange ratio that will be offered to the Company’s Shareholders in the Exchange Offer.

The Board of Directors will determine in due course the appropriate time to proceed with the Proposed IPO and the Exchange Offer in consultation with the Company's advisors, which determination will depend on a number of factors, including but not limited to market conditions. In this regard, the Company will also be undertaking a market sounding prior to the publication of the Prospectus and the Company will only proceed with the Proposed IPO and the Exchange Offer if the Board of Directors is of the opinion (based on the market sounding) that the Company will be able to obtain a fair price for its shares. Should the Company decide to proceed, the Company will then inform the market of the full and final details of the Restructuring Plan in due course through the publication of the Prospectus (once and if this is approved by the Listing Authority).

On the assumption that up to 45% of the shares in GCLI are disposed of by the Company in the Class 2 Transaction: (1) the gross assets of the subject of the Class 2 transaction (i.e. the GCLI shares being disposed of) amount to €67,603,821 (calculated as 45% of the gross assets of GCLI); and (2) the profits (before tax) attributable to the assets which are the subject of the Class 2 transaction are €898,419, (calculated as 45% of the profits, before tax, of GCLI), in each case based on the audited financial statements of GCLI as at 31 December 2019.

The key individuals that are important to the business of GCLI currently are the members of GCLI's board of directors, namely: Prof Paolo Catalfamo (Non-Executive Chairman of GCLI's board of directors), Ms Cristina Casingena (Managing Director), Mr Joseph Schembri (Non-Executive Independent Director), and Mr Nicolas Taylor (Non-Executive Independent director).

- *Paolo Catalfamo*

Prof Paolo Catalfamo is the Chairman of the Company and of GCLI. He is also the founder of Investar Group, based in Malta, Luxembourg, Switzerland and the US, and previously served as an Adjunct Professor at the Villanova University in Philadelphia.

He is a Board Member of Centtrip Ltd, a London-based fintech company regulated by the UK Financial Conduct Authority. Previously, he served as Deputy Chairman and CEO for Italy and Southern Europe of Franklin Templeton, the third largest independent asset management group worldwide.

- *Joseph C. Schembri*

Mr Schembri is a consultant with Baker Tilly Malta. Mr Schembri is a certified public accountant and auditor. He was an audit partner of Joseph Tabone & Co and Senior Partner of KPMG Malta, as well as a board member of the KPMG regional practice specialising in Financial Services. Mr Schembri has also acted for a three-year period as director of EneMalta Corporation and as a member on the Disciplinary Committee of the Malta Institute of Accountants. Mr Schembri was actively involved in the setting up of a KPMG member firm in Libya, acting as risk management principal as well as audit principal for foreign owned oil and gas clients operating in Libya.

- *Cristina Casingena*

Mrs. Casingena is the Managing Director of GCLI. She is an actuary by profession with 25 years' experience in the life insurance industry. Before joining GlobalCapital, Mrs. Casingena worked for nine years with HSBC Life Assurance (Malta) Ltd where she had different roles including Head of Asset-Liability Management, Solvency II lead, Head of Business Management and Chief Investment Officer. Mrs. Casingena worked also in the Romanian life insurance market where she had various actuarial roles. She graduated from the West University of Timisoara, Romania, Faculty of Mathematics and she has a Masters in Actuarial Science from the Academy of Economic Studies, Bucharest, Romania. Mrs. Casingena is actively involved in the local actuarial community and she is currently the President of the Malta Actuarial Society.

- *Nicolas Taylor*

Mr. Taylor is a non-executive independent director of GCLI. He spent the first part of his career with Clerical Medical & General Life Assurance Society working in different areas of the Society. He qualified as a Fellow of the Institute of Actuaries in 1969. He is also a Fellow of the Society of Actuaries in Ireland and an Associate of the Society of Actuaries (USA). After 25 years with the Clerical Medical he decided to switch into consulting. After two and a half years with a large firm of consulting actuaries he set up his own specialist practice preparing independent reports for the High Court on transfers of life assurance business. He has served as a non-executive director of Barclays Life, BlackRock Life and BUPA's insurance companies, all in the UK. He was one of the original non-executive directors of Mid-Med Life in Malta when it was formed and returned after a gap of 10 years to what had become HSBC Life Assurance. He served three terms on the Council of the Institute of Actuaries: a total of 16 years. He was Honorary Secretary from 1985 to 1987 and a Vice-President from 1990 to 1992. He became Honorary President of the Malta Actuarial Society when it was formed in 2011, a role he still holds. Mr. Taylor is a UK resident.

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A Circular providing further information will be distributed to the Company's shareholders in connection with the resolution which shall be presented to the shareholders during the general meeting of the Company convened to approve the disposal of the shares.

The Company shall make available on its website www.globalcapital.com.mt all documentation and information pertaining to the AGM as are necessary in terms of Listing Rule 12.11.

Unquote

By Order of the Board

07 September 2020