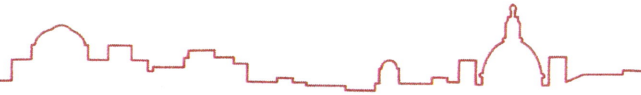




VBL Group



VBL Plc. (C56012)

CIRCULAR TO SHAREHOLDERS – 10 NOVEMBER, 2021

EXTRAORDINARY GENERAL MEETING

This Circular to Shareholders ('Circular') is being issued by VBL Plc, a public limited liability company, with a company registration number C56012 and having its registered office at 54 Marsamxett Road, Valletta, Malta (the 'Company'), pursuant to Chapter 6 of the Capital Market Rules.

The Company's Extraordinary General Meeting ('EGM') will be held on **Tuesday, 14th December 2021 at 10.00 am at King's Own Band Club main hall, at 274, Republic Street, Valletta, VLT 1112, Malta.** This Circular is being sent to all shareholders entitled to participate in and vote at the forthcoming EGM so, as to enable them to understand the nature of the resolutions that are to be considered at the EGM and to provide the necessary information about the resolutions to assist shareholders to make informed decision.

This Circular is important and requires the immediate attention of all shareholders who shall be required to participate in and vote at the EGM. Shareholders are advised that they should consider consulting an appropriate independent professional advisor should they be in doubt as to the import of this document and/or any action required of them. This Circular is to be considered as complementary to the Notice to Shareholders and should be read in conjunction with the same. Where any or all of the shares held by a recipient of this Circular have been sold or transferred, this Circular, the Notice to Shareholders and all other relevant documentation, or copies thereof, should be immediately passed on to the person through whom the sale or transfer was effected for onward transmission to the purchaser or transferee of the shares.

Preamble:

At the last Annual General Meeting ('AGM') of the Company held on the of 23rd March 2021, the following resolution was passed by the shareholders:

Resolution Nr. 4.: That the re-appointment of the Company's Auditors, namely BDO Malta (Reg. office: Triq-It-Torri, Msida, MSD 1824, Malta) be and is hereby approved to hold office until the next annual general meeting, and that the Board of Directors be and are hereby authorised to fix their terms and remuneration.

The said resolution was proposed for the approval of the shareholders in general meeting on the basis of a proposal previously provided to the Company by BDO Malta for the annual audit of the financial year ending 31 December 2021 of the VBL Group (VBL Plc, VREM Ltd, and VBL Plc Consolidated

Statements) for a total fee of €17,500 (excluding VAT). On this basis BDO Malta was appointed as auditor of the VBL Group, and as resolved by the AGM of the Company, the Directors were authorised to set the remuneration of the auditor for the current financial year ending 31st December 2021. Following the appointment of BDO Malta, the Directors received from BDO Malta a significantly higher quote, which was later reduced to €33,000 (excluding VAT). The Directors are of the view that the discretion granted to them to fix the remuneration of the auditors does not extend to agreeing a fee which is around double the fee originally quoted prior to the passing of the resolution at the previous AGM. The Directors have been unable to reach agreement with BDO Malta on fees which are similar in range to those originally quoted of €17,500 (excluding VAT).

As a result, the Audit Committee and Board of Directors of the Company requested the management to collect alternative offers. The alternative quotes obtained by the Company have proven to be in same range as the original fee proposed by BDO Malta, prior to their appointment as auditors in March 2021. All quotes obtained were from similar size, reputable services providers and contain similar business terms for the audit service. The Audit Committee and the Board of Directors have reviewed the quotes received and have selected RSM Malta as the most favourable quote overall. The fee quote received from RSM Malta for the financial year ending 31st December 2021 is a total of €15,000 (net of VAT) for the audit of the VBL Group (VBL Plc, VREM Ltd and VBL Plc consolidated statements).

The Board of Directors has considered two options available to it:

- **Option A)** – for continuity and practical reasons, to retain **BDO Malta** in office as auditors for total fees of **€33,000** (net of VAT);
- **Option B)** – to remove **BDO Malta** from their position of auditors of the Company and instead to appoint **RSM Malta** as the new auditor for the financial year ending 31st December 2021, for a total fee of **€15,000** (net of VAT).

The Board of Directors, also on the basis of recommendations of the Audit Committee, is of the view that option B is the most suitable option. The Board emphasises for the avoidance of any doubt that there has been no divergence of opinion with BDO Malta on accounting treatments or audit procedures.

Accordingly, the Board has resolved to call an extraordinary general meeting of the shareholders for the purposes of the shareholders considering the following resolutions:

- 1) That in terms of Article 157 of the Companies Act, **BDO Malta be removed from office** as auditors of the Company;
- 2) That, in that event that the first resolution is approved by the shareholders, the appointment of **RSM Malta (Reg. office: Mdina Road, Zebbug, Malta)** as auditors of the Company until the next annual general meeting of the Company, be and is hereby approved.
- 3) That the Board of Directors be and are hereby authorised to fix terms and **remuneration** in an amount of at **€15,000 (excluding VAT)** for annual auditing services for the VBL Group (including the accounts of VBL Plc, its 100% subsidiary VREM Ltd and the VBL Plc consolidated accounts) for the financial year ending at 31st December 2021.

Notice of the EGM shall be sent to BDO Malta and BDO Malta shall be entitled to be heard at the EGM in accordance with Article 157 of the Companies Act, as well as to make representations in writing.

LIST OF INCUMBENT DIRECTORS

The Directors of the Company as at the date of this Circular to Shareholders are the following: Arthur Haze, Csaba Bato, Isabella Vella, David Galea Souchet, Andrei Imbroll, Geza Szepalmi and Julian Tzvetkov.

DECLARATION BY DIRECTORS

Arthur Haze, Csaba Bato, Isabella Vella, David Galea Souchet, Andrei Imbroll, Geza Szepalmi and Julian Tzvetkov, being Directors of the Company, accept responsibility for the information contained in this Circular. To the best of the knowledge and belief of the Directors who have taken all reasonable care to ensure that such is the case the information contained in this Circular is in accordance with the facts and does not omit anything which is likely to affect the import of such information.

DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or certified copies thereof, will be available for inspection at the Company's registered office at 54 Marsamxett Road, Valletta, VLT 1853, Malta, for at least fourteen (14) days from the date of publication of this Circular:

- (a) The Company's current Memorandum and Articles of Association; and
- (b) The Company's last Annual Financial Report for the year ended 31 December 2020.

DIRECTORS' RECOMMENDATION

To the best of their knowledge and belief and to the extent of the circumstances and facts known to them, the Directors express the view that the above proposed resolutions are in the best interest of the Company and of its shareholders. Therefore, the Board recommends that the shareholders vote in favour of the resolutions at the forthcoming EGM.

Approved and Issued by VBL plc at 54 Marsamxett Road, Valletta, VLT 1853, Malta.



Dr David Meli
Company Secretary