Annual Report 2021

& Financial Statements

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Annual Report 2021

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GO is Malta's leading telecommunications services organisation, with over 500,000 customer connections and services. The first quadruple play operator in the market, GO is a converged and integrated telecommunications group, offering an unparalleled range of services. These include fixed-line and mobile telephony, data and TV services for consumers and business clients. GO holds majority share holding in BMIT Technologies p.l.c. which provides state of the art data services and ICT solutions to its business clients. GO also holds a majority shareholding in Cablenet, a 'triple play' telecommunications company operating in Cyprus.

GO's growth is the result of a focused strategy of delivering state-of-the-art products and services, driven by a customer-centric approach. The Group invests heavily in resources and infrastructure, with an ambitious investment programme aimed at driving technological innovation. This investment has delivered a resilient and unmatched network that is revolutionising Malta's connectivity.

GO p.l.c. is a publicly listed entity with shares traded on the Malta Stock Exchange; the majority shareholder is TT Malta Limited, a wholly owned subsidiary of Tunisie Telecom.

GO p.l.c.

Annual Financial Report and Consolidated Financial Statements

31 December 2021

Company Registration Number: C 22334

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Readers are reminded that the official statutory Annual Financial Report 2021, authorised for issue by the Board of Directors, is in European Single Electronic Format (ESEF) and is published on https://cms.go.com.mt/wp-content/uploads/2022/03/FinancialStatements2021-1.html. A copy of the Independent auditor's report issued on the official statutory Annual Financial Report 2021, is included within this printed document and comprises the auditor's report on compliance with the requirements of the European Single Electronic Format Regulatory Technical Standard (the ESEF RTS), by reference to Capital Markets Rule 5.55.6.

Chief Executive Officer's review

Purpose driven performance
2021 was undoubtedly a remarkable year. The second year of a global pandemic that significantly impacted our economic and social fabric, a year where market pressures continued mounting with inflation increasing cost of raw materials, energy and transportation. This notwithstanding, demand for robust and resilient communications services continued. 2021 was another year where GO demonstrated its resiliency in the face of challenges.

Our purpose is to drive a digital Malta where no one is left behind. By living our purpose every day, we forge stronger relationships between us, and with our customers. This allows us to serve our customers brilliantly, and take decisions swiftly, and clearly, in the interest of the business. Our NPS scores reflect the efforts of our teams across the board, reaching record highs, mainly driven by the growth in fibre connections, unlimited mobile post-paid plans, and excellent customer service.

We are mindful of the fact that we cannot serve our customers brilliantly if we don't start within and nurture our own people. We are working tirelessly to create the right culture where people can learn, grow, and thrive. To this end, we launched GO Academy, which in addition to providing the technical and functional training that is required to keep up the pace with market trends, also offers bespoke training across three main pillars: customer centricity, digital excellence, and purposeful leadership. During 2021 we effectively doubled our investment in people training and development, encouraging self-driven learning that reflects everyone's needs.

Operating throughout the pandemic did take its toll on our people. It challenged us physically, psychologically, and emotionally. However, we took every measure to safeguard our people's wellbeing and found alternative ways of staying connected. Consequently, we have registered the highest employee satisfaction scores ever achieved within the Company. The pandemic, and the ensuing restrictions on international travel also negatively impacted roaming volumes and related revenues, which although marginally higher than those recorded in 2020, are still less than half that recorded in 2019. This however was offset by revenue generated from a respectable increase in both broadband and mobile subscriber base, coupled by a drive to manage costs.

Driving a digital Malta: investing in our networks
GO has long established itself as one of the major investors in Malta's digital infrastructure. By far, the largest contribution is our plan to roll-out a nationwide True Fibre network – a network that is capable of delivering the fastest broadband speeds imaginable, straight to one's living room. In 2021 alone, we passed 32,000 homes with True Fibre, a record year, bringing nationwide coverage up to 52%. More importantly however, we successfully piloted a new way of passing fibre that promises faster, more efficient and environmentally friendly roll-out.

A great fibre network is also essential for the delivery of a true 5G experience that delivers the maximum speeds possible. Our teams have worked tirelessly over the past years to deploy True Fibre to all our mobile sites in preparation for this next mobile milestone that came to fruition in December 2021 as the first 5G mobile sites were set up. This progression toward 5G mobile services, with an investment estimated to exceed €16 million, is a natural step forward in ensuring that we keep on enabling peoples' lives and businesses through the latest technologies.

Chief Executive Officer's review - continued

Recent events in the world have highlighted the risks of being over reliant on one supplier for any kind of resource, which is why it was important for us to have additional redundancy on international connectivity to another country other than Italy. Our investment of €25 million in a third submarine cable means that Malta now has connectivity to France, Egypt and beyond, a critical development that is contributing to significantly improving the country's overall connectivity and competitiveness.

Continuously investing in our networks, means that we are better positioned to embrace technologies such as Internet of Things (IoT). Through GO business we launched our first IoT product in the form of an Asset Tracking solution that allows business clients to keep track of their valuable equipment and assets. GO's decision to invest in this technology is driven by the belief that IoT solutions will play a critical role in digital innovation and in achieving operational efficiencies.

Providing the best customer experience

During 2021, we made significant inroads in improving our overall customer experience. We launched a new customer promise, which aims to ensure that none of our customers go without internet for more than a few hours. We digitised and streamlined several processes that led to greater efficiencies across the board; we empowered our front liners to do what is right by the customer and minimise escalations.

We also focused a lot of our energy into improving our digital contact channels such as the web chat bot and WhatsApp, offering a wide range of contact mechanisms for our customers to reach us. For our business customers, we launched a new and improved customer portal through which they can independently manage their services. Today, more than 77% of GO customers are using the GO App or MyGO portal.

Our investment strategy

Investing in a digital Malta goes beyond investing in digital infrastructure, it also means investing in, and supporting start-ups operating in the fields of artificial intelligence, big data and analytics, blockchain, cybersecurity, fintech and IoT, and other business areas. Through our investment arm, GO Ventures, we have invested over €1 million in local and foreign start-ups that have used digital means to innovate and disrupt the markets, since its inception in April 2019. Our investment goes beyond financial. We have invested time, resources and expertise to help these start-ups grow.

2021 was an important year for TV. We continued investing in our platform, improved the TV interface but more importantly we contributed greatly to local TV content by committing €1 million to be used in productions that are exclusive to GO customers. This is a first for GO, and a milestone for the industry, through which local talent is being supported, and customers get to enjoy a fully-fledged library of local content that they love. The first production, Chalet, began broadcasting in December 2021 and the feedback has been overwhelmingly positive.

Financial performance

Staying focused on living our purpose, and staying true to our values, has enabled us to deliver a strong financial performance and returns for our esteemed shareholders.

The Group generated revenue of €193.7 million (2020: €185.2 million), an increase of 4.6% over the comparative year. Driven by subscriber gains in both fixed broadband and mobile, our local telecommunications revenue increased by €0.9 million, compensating in part for lower levels of international roaming revenues resulting from travel restrictions.

2021 was an equally positive year for our operating subsidiaries. BMITT's total revenues reached €25.3 million, an increase of 5.5% over 2020. While consolidating its market leading position in data centre operations, BMITT has also been successful in growing ancillary revenue streams such as cloud services, managed services and provision of hardware and software solutions which have collectively grown by 23.5% in 2021.

Chief Executive Officer's review - continued

Cablenet continues with its rapid growth. The company has consistently delivered double-digit growth in subscribers and revenues since 2018, and in 2021, propelled by the launch of its hugely popular Purple Max postpaid mobile plans, total revenue reached an all-time high of €53.5 million, an increase of 13.9% over 2020.

The current international economic and political climate, and the ever-present threat of the pandemic, continue to fuel cost inflation and operational complexity. Throughout 2021, we kept tight cost discipline and took various measures to limit the impact of this cost inflation. This enabled us to continue offering cutting-edge products and the best possible service to our loyal customers, in a sustainable fashion, while safeguarding profitability and shareholder returns.

Group profit for the year amounted to €10.4 million, a reduction of €3.6 million compared to the prior year, which is mainly attributable to a one-off gain on investment of €3.1 million realised in 2020. Earnings per share amount to €0.098 (2020: €0.133).

At GO we remain focused on investing for the long term, while providing healthy returns to our shareholders. It gives me great pride that in addition to the interim dividend of €0.07 per share paid on 31st August 2021, the Board is proposing a final dividend of €0.09 per share, thus bringing the total dividends distributions for financial year 2021 to €0.16 per share.

Looking forward

Environmental sustainability is influencing both business strategy and consumer purchasing decisions across the globe. Attitudes towards climate change, increased awareness and a deep-set need for real change is pushing companies to take tangible action to reduce their impact on the environment. We have measured our carbon footprint and have a strategy in place to significantly reduce our environmental impact over the next five years. We are investing heavily in solar energy at our new headquarters in Zejtun and will be transitioning to an electrical fleet by 2023. We have taken tangible action internally to reduce our carbon footprint, which in turn, helps our customers reduce theirs. We are confident that they will reward us with their loyalty.

Going forward, our focus remains the same. We shall continue supporting our people internally, nurturing a culture that is fully supportive of us becoming a purpose led organisation; shall continue investing in innovative products and services through the best technology available in order to continue enabling our customers' lives and businesses; and shall continue to do our part in reducing our environmental impact.
As a Company, we could not have delivered such promising results if it was not for a Board that directs us and supports our vision, and an exceptional team that leads this Company so enthusiastically, even when the going gets tough. I would like to take this opportunity to thank you, our esteemed shareholders for your trust; my colleagues for their unwavering dedication; and to salute our dear colleague, Steve Sargent, the architect behind our True Fibre network, who passed away suddenly earlier this year.

Signed by Nikhil Patil (Chief Executive Officer) on 30 March 2022

Directors' report

The Directors are pleased to present their report together with the financial statements of the Company for the year ended on 31 December 2021.

Principal activities

GO is a leading integrated services company and the first quad play provider in Malta, offering mobile, fixed line, high-speed broadband, and TV services to more than 500,000 customers. GO also provides unrivalled services to the Maltese business community, including cloud services, roaming services, data networking solutions, business IP services, and managed services.

The Group also has a controlling interest in Cablenet Communications Systems p.l.c. (Cablenet), a leading provider of high-speed broadband, TV and fixed-line telephony services to personal and business clients in Cyprus.

Business review

A review of the business of the Group during the year under review, events which took place since the end of the accounting period and an indication of likely future developments are given in the Chief Executive Officer's Review on pages 1 to 3.

Review of financial performance

2021 was expected to be a year of gradual adjustment following the unexpected global economic, political, and social turmoil brought about by the pandemic in 2020. The gradual lifting of international travel restrictions has helped to improve the appetite of people to travel, however the situation during 2021 remained very challenging particularly in view of new variants of the virus that emerged throughout the year and the threat of other variants to come.

Against this backdrop, it is encouraging to note that thanks to the loyalty of our esteemed customers, the Group achieved significant growth across all business segments and delivered robust levels of revenues, profitability, and cash generation. All of these are testament to the solidity of our business model and the exceptional work and commitment of our people.

The extended impacts of the pandemic fuelled further growth in the demand for fixed and mobile telecommunication services. As confirmed by the latest quarterly review report published by the Malta Communications Authority, GO achieved the highest levels of subscriber growth on fixed broadband, with 48.3% of total market growth, as well as Mobile with 75.4% of total market growth cementing GO's lead position in the Mobile market segment. The aforementioned growth in local telecommunication services revenue compensated in part for a significant reduction in roaming and other international wholesale revenues which remain under pressure mainly due to travel restrictions. In total, revenue from GO's local telecommunications segment increased by 0.7% compared to 2020.

Our subsidiary, BMIT Technologies p.l.c. (BMITT), the leading data centre services provider in Malta, had a positive year registering total revenues of €25.3 million, equivalent to an increase of 5.5% over the prior year. The main drivers of such growth are cloud services, managed services, and sale of hardware and software. Revenue from core data centre services remains stable.

2021 marked the full entry of Cablenet as an MNO (Mobile Network Operator) in the Cypriot market, a key important milestone on the Company as it continues on its evolutionary path to become a full scale quad-play telecom operator. The launch of the Purple Max mobile post-paid product offering unlimited data allowances at affordable prices to the entire market was hugely successful, resulting in a 110% increase in Cablenet's mobile subscriber base compared to 2020. Coupled with continued growth in fixed broadband too, Cablenet's total revenue for 2021 reached €53.5 million, a 13.9% growth compared to revenue of €47 million in 2020.

Directors' report - continued

Group cost of sales and administrative and related costs amounted to €171.2 million (2020: €165 million), an increase of €6.2 million of which €2.9 million relates to cost of goods and services sold and direct costs incurred in the generation of back-to-back incremental revenues.

Group earnings before interest, tax, depreciation and amortisation (EBITDA) amounted to €73.2 million (2020: €72.1 million), an increase of 1.5% compared to 2020.

The higher Group EBITDA generated coupled with a reduction in depreciation and amortisation charges of €1.1 million, contributed to a Group operating profit for 2021 of €23.5 million, equivalent to an increase of €2.2 million of 10.2% compared to 2020

Group profit for the year amounted to €10.4 million, a reduction of €3.6 million compared to the prior year which is mainly attributable to a one-off gain on investment of €3.1 million realised in 2020. Earnings per share amount to €0.098 (2020: €0.133).

Net cash generated from operations amounted to €67.8 million (2020: €63.7 million). The Group continued to invest on various fronts to provide customers with cutting-edge products and services and stay ahead of the ever-changing technological developments. Significant investments continued to be deployed towards the expansion of fibre networks in Malta and Cyprus, and a third submarine cable connecting Malta to mainland Europe and the Middle East, scheduled to go live in the second quarter of 2022.

The total investment activities across the Group resulted in a net cash outflow of €50.5 million (2020: €57.7 million), with €49.2 million being deployed in the acquisition of property, plant and equipment, and intangible assets, and €1.3 million in financial investments in subsidiaries and associates. At company level, net cash used in investing activities amounted to €28.1 million (2020: €24.8 million). At BMITT, cash deployed for property, plant and equipment amounted to €1.7 million, lower than the prior year due to the one-time payment of €4 million for the acquisition of the Zejtun Data Centre in 2020. Cablenet maintained similar levels of investment cash flows of 2020.

One of the key highlights of 2021 was the launch of GO's €60 million unsecured bond on the Malta Stock Exchange with the total value of applications exceeding the €60 million limit threefold. The GO bond which followed a €40 million bond issued by Cablenet in 2020, brings the total funds raised by the GO Group on the local debt capital market to €100 million over a two-year period.

On a consolidated basis, proceeds from bank loan drawdowns amounted to €12 million (2020:€16.6 million) against which bank loan repayments amounted to €45.6 million (2020: €20 million), including the repayment of European Investment Bank loans through the bond proceeds. Total dividends paid to shareholders by the Group amounted to €24.8 million (2020: €12.2 million). Consolidated cash and cash equivalents as at end of year amounted to €34.1 million, an increase of €8.9 million compared to year end 2020.

Within a highly competitive environment, these results continue to augur well, as the Group seeks to retain a strong presence in its domestic market as well as grow its presence in Cyprus across all product lines, striving to remain the leading telecommunication services provider and operator of choice.

The Group continued to invest in training, development, and upskilling of its human resources to ensure the highest levels of customer service and operational excellence. Staff training and wellbeing costs for the year amounted to €698,000 (2020: €438,000). Total employee benefit expense for the year amounted to €34.8 million (2020: €37.3 million). The average number of persons employed by the Group during the year, including part-timers and students, amounted to 1,179 (2020:1,213).

The Group continues to retain a careful eye on environmental considerations in all its activities, as well as ethical behaviour with regards to its interactions with all its stakeholders. Both are explained in greater detail in the non-financial disclosures section on pages 6 to 16.

Directors' report - continued

Financial position

Group total assets stand at €368.6 million (2020: €357.4 million), an increase of €11.3 million over the prior year. The Group's current assets amounted to €86 million (2020: €79.2 million) and are mainly represented by trade and other receivables of €36.4 million (2020: €39.3 million), inventories of €8.5 million (2020: €6.3 million) and cash of €39.9 million (2020: €33 million). Total liabilities increased from €231 million as at December 2020 to €258.7 million as at December 2021.

The Group continues to maintain a healthy financial position with shareholders' funds as at year-end amounting to €109.9 million (2020: €126.4 million), a decrease of €16.5 million compared to the prior year. The Group's net asset value per share stands at €1.08 (2020: €1.25), whilst the Group's Net Debt to Total Capital ratio stands at 53% (2020: 48%).

A strong and sustained operational performance and appropriate funding arrangements will allow the Group to continue to fund its investments in technology, honour its obligations with its lenders and pursue new investment initiatives aimed at increasing shareholder value.

Total dividend distributions during the year amounted to €0.23 per share. The Directors recommend that at the forthcoming Annual General Meeting, the shareholders approve the payment of a net final dividend of €0.09 per share (after taxation).

Non-financial statement in terms of the requirements of the Sixth Schedule to the Companies Act (Cap. 386)

GO's Business Model
GO boasts a bright and successful 46-year legacy of doing what it does best – connecting Malta, its people, and businesses to what matters most to them. As the incumbent player in the Maltese telecommunications market, GO has long established itself as a strong and integral part of the Maltese community and contributed significantly to the success of the Maltese economy. It has taken a leading role as one of the largest investors in Malta's digital infrastructure, which is critical for country's digital transformation.

The sections within the Directors' report termed "Principal Activities", "Business Review", "Review of Financial Performance" and "Our Principal Risks and Uncertainties" provide detailed information on the undertaking's business model. The section Business Review refers to the Chief Executive Officer's Review on pages 1 to 3 of the Annual Financial Report which highlights the business model and strategy in detail. In our view the required information on the undertaking's business model has been included within the Annual Financial Report. The section of the Directors' report termed "Our Principal Risks and Uncertainties", presented below, contains a detailed analysis of the principal risks linked to GO's business model and operations which potentially impact areas like environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters.

GO's vision and commitment for the future is grounded on the following strategic pillars:

Take a lead role in delivering a true digital Malta where no one is left behind.
GO's purpose is to 'drive a digital Malta where no one is left behind'. It is defined by the digital transformation taking place across societies. It goes beyond the provision of products and services, or the roll-out of infrastructure. It is focused on the impact it wants to leave on societies in Malta and beyond. Digital technologies are reshaping the way one works, rests, plays, and interacts with others in exciting ways. Digital has quickly become a fundamental enabler and is critical to the current and future wellbeing of Malta and its people. It is a privilege and a huge responsibility for GO to be relied upon to provide critical services for individuals, organisations, and the whole country of Malta. Lives and livelihoods depend on the services it offers every day.

Directors' report - continued

Not everyone is benefiting evenly from the digital revolution. Digital access and skills are key to a good life in today's world. Everyone should have access to technology and the skills to benefit from and contribute to the digital revolution. Therefore, in addition to the investment in network infrastructure and technology, GO is also investing in digital education and skill building in order for Malta to thrive, grow demand for GO services and yield greater opportunities for innovation.

Delivering the best customer experience, cutting-edge products and services and exceptional value to customers
Embracing the digital revolution requires customer centricity. One of the strengths that sets GO apart from its competitors is its financial and operational ability backed by decades of experience, rolling out new networks and cutting-edge technologies to its customers. GO has invested heavily in its promise to ensure that every household has access to TrueFibre technology (FTTH). Today, GO's FTTH network covers more than 170,000 households. This means that these households have the opportunity to enjoy the fastest, most resilient, and future-ready technology that exists today and which sets them up for many years to come. GO has invested more than €234 million in its infrastructure in the past 10 years alone. The Company is on track to deliver nationwide TrueFibre coverage in the coming years.

FTTH is the technology of the present, and the future. It allows GO to be innovative in the products it can offer, flexible in the bundling options, and provide services delivered at the highest possible speeds. GO is also investing heavily in its international connectivity. In 2022, GO will complete its €25 million investment in a third submarine cable, becoming the only operator in Malta with full in-house redundancy measures. More importantly, for the first time in telecoms history, GO will be the only provider connecting Malta to France and the middle and far east.

Becoming a digital enterprise
Going digital as an organisation enables GO to provide a seamless service to its customers, reduce non value-adding costs, be more price-competitive and continue to invest in a digital Malta. Furthermore, it enables the Company to invest in making its staff the most highly digitally-skilled workforce on the islands. The Company has invested heavily in its systems that continue to support exceptional customer service and reporting structures.

Minimising environmental impact
Digital enablement can play a key role in protecting the environment. The costs of pollution and the benefits of environmental sustainability are increasingly recognised worldwide. The ongoing Coronavirus Pandemic has given us a glimpse of what future climate-related crises could look like – unpredictable swift, and global. Such crises pose enormous risks to businesses and companies across the globe must take action to safeguard societies and ultimately themselves from such crises. Making capital investments that minimise their carbon footprint is one way of doing this.

Our principal risks and uncertainties

Security and resilience

The Group's commercial success is dependent upon the resilience of the various networks, IT systems, exchanges and data centres. Our networks, systems and infrastructure face a variety of hazards that could cause significant interruptions to the delivery of our services. If the Group experiences any significant failure of its systems the impact could be considerable and include significant financial loss besides reputational damage that could jeopardise future revenue.

Directors' report - continued

The Group identifies and mitigates risks through structured risk management processes. Risk mitigation includes significantly investing in the security and resiliency of its key networks and infrastructure wherever this is possible and feasible. The increasing risk of cyber threats is also continuously analysed and appropriate cyber security controls and capabilities are updated as necessary to protect the Group and its information, people and services against attacks to confidentiality, integrity and availability. Information Security and Data governance committees are established and they provide the required guidance and direction to ensure risk management and security initiatives are in line with Group business objectives. The Group adopts a robust industry standard control framework that focuses on prevention supported by tried-and-tested recovery capabilities.

Customer data processing
On a daily basis the Group processes personal data of its significant client base. The Group recognises the importance of adhering to data privacy laws and wants its customers to feel confident that the Group acts properly and protects the data they share with it. Failure to abide by all relevant data protection and privacy laws could result in reputational damage for the Group as well as regulatory action and fines. The Group manages this risk by having in place a robust governance and monitoring framework. This framework defines roles and responsibilities of employees who have access to personal data, provides training and awareness to these employees and includes monitoring, reporting and audit to ensure compliance with various policies and procedures aimed to protect customer data and privacy.

Ability to grow
The Group operates in two highly developed and well-penetrated markets characterised by extensive competition, pressure on pricing, technology substitution and product convergence. The Group strives to maintain its ability to grow revenues in spite of this adverse environment as failure to do so will impact profitability and the Group's ability to maintain its investment programme. The Group mitigates this risk by identifying opportunity to diversify its product portfolio and invest in new markets. The Group also pursues innovative product bundling and extends to its customer new technologies soon after these become available whilst working hard to become a leaner organisation.

i-gaming industry
The i-gaming industry has grown to become one of Malta's main economic pillars. GO is a major supplier of technology and services to operators working out of Malta and any negative impact on the ability of the industry to retain its significant presence in Malta will impact the Group's profitability. Aware of this risk the Group is augmenting its range of co-location services to include a holistic ICT experience targeted at the Group's large business client base, thereby reducing the Group's reliance on the i-gaming industry.

Communications industry regulation
The Malta Communications Authority can request GO to provide specific wholesale services on specified terms following market reviews. These terms and regulations can include control over prices, both at the wholesale as well as the retail level besides other conditions. Furthermore, GO is also bound by regulation that from time to time come into force across the European Union. Regulatory requirements and constraints can impact revenues and GO's ability to compete effectively with the resultant impact on profitability and cash generation. GO manages this risk by maintaining ongoing dialogue with regulators through a team of regulatory specialists who, with the help of various advisors, continuously monitor and review regulatory changes and how these may impact the Group.

Pensions
GO is faced with a number of court cases from past employees for the payment of a pension. Whilst GO has acknowledged the entitlement to a pension in various cases, most of which have been settled through the payment of a lump sum, a number of other claims remain pending and will be decided by the Maltese Courts. In the case of an adverse decision GO may have to recognise the obligation to pay a pension to various claimants which obligations could, in their totality, be material. To mitigate this risk GO has appointed a strong team of legal advisors to argue GO's position.

Directors' report - continued

Financial risk management
The Group's activities potentially expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk, and liquidity risk. The Group's overall risk management, covering risk exposures for all subsidiaries, focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the respective company's financial performance. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Accordingly, the Company's Board of Directors provides principles for overall Group risk management, as well as risk management policies covering risks referred to above and specific areas such as investment of excess liquidity. A detailed review of the risk management policies employed by the Group is included in Note 2 to the financial statements.

Policies adopted by the Group

Throughout the years, GO has proven to be a major contributor to society, both environmentally and socially and has taken one of the top spots as a leading employer on the island, attracting top talent locally and internationally. GO has formally adopted policies in relation to Human Rights which includes employee matters, the Anti bribery and Corruption policy and the Environmental Policy. These policies apply to all GO employees, directors, officers, as well as consultants, contractors, trainees, seconded staff, temporary workers, summer workers, volunteers, interns, agents, sponsors and any other person who performs services to, for, or on behalf of, or is otherwise associated with GO.

The Company is controlled by Tunisie Telecom and accordingly any policies in such areas would necessarily have to take into account the circumstances, direction and strategy of the controlling party, focusing on policies, if any, adopted by the controlling party and non-financial key indicators, if any, utilised by the controlling party at Group level to monitor progress in such areas.

Respect for human rights
GO recognises certain fundamental rights also extend to the workplace and is committed to respecting the human rights of individuals in all aspects of its business. For this reason, the Company has adopted a Human Rights Policy to nurture an organisational culture that deeply respects human dignity, human rights and personal recognition. Furthermore, the Company is committed to take steps as may be necessary to identify and prevent interference with fundamental rights and provide for the respectful exercise of those rights by all persons, consistent with the safe, effective and efficient performance of work.

The Company respects all fundamental human rights and will be guided in the conduct of its business by the provisions of the United Nations Universal Declaration of Human Rights, the International Labour Organisation (ILO) core labour standards and Maltese law on the matter. In this area, telecommunication companies typically refer to such matters as:

- Human rights integration;
- Services used for defence, military, law enforcement, security or cybersecurity purposes and services provided in extreme or high-risk countries;
- Modern slavery;
- Big sporting events and the risks these events pose in relation to labour rights violations and community displacement.

GO's analysis backing the disclosures within this non-financial statement indicate that the abovementioned matters are not that relevant taking cognisance of GO's business model and its scale of operations.

Directors' report - continued

Employee matters

Developing a learning culture
During the year under review, which unfolded against the continued backdrop of the global pandemic, our people remained at the top of GO's agenda. The pandemic did not only change the way people worked; it also changed the way people learnt and developed. Steadfast in the belief that, unless GO serves its people well, it cannot serve its customers well, 2021 provided the springboard for further opportunities for continued growth and learning.

At GO, learning is ongoing because we believe it is the key enabler for change. In the context of nurturing a culture that supports a growth mindset, in the second quarter of 2021, we proudly launched our GO Academy, which is playing a pivotal role in equipping our people with the required skills, mind-sets and behaviours to achieve organisational growth. In the spirit of our Purpose as a company, which is to drive a digital Malta where nobody is left behind, GO Academy is for everyone at GO, ensuring that everyone has the opportunity for personal growth.

Apart from offering technical and functional training, which was revamped to ensure that departmental learning needs are met, and that content is delivered in keeping with the Academy's learning ethos, priority-learning programmes were devised based on three pillars, namely Purposeful Leadership, Customer Centricity and Digital Excellence. These pillars are critical for us to develop the necessary skills to becoming a Purpose-led organisation.

However, the most innovative element of the Academy is the component dedicated to self-directed learning, for our people to feel empowered to define their own learning goals and independently invest in learning programmes that will help achieve these goals. To this end, we have joined forces with an international, digital learning platform and provided our people with a personal annual learning budget to enable them to access different online content. As a direct result of the launch of GO Academy, during 2021, the number of training hours per person almost doubled. In this respect, we will continue to raise the bar, year on year, to continue investing further in our people.

As part of our learning culture at GO, the art of giving and receiving feedback is a foundational skill for all of us as it accelerates our personal and professional development, improving how we work together and how we serve our customers. One way in which we get to put this skill into practice is during the weekly "Hangout" sessions, which were introduced in 2020 as a way of keeping connected with our people during the pandemic. These sessions were retained because they serve to keep our people informed about Company results and major business decisions and give everyone an equal opportunity to ask the members of the Executive Committee questions about any aspect of the business.

Employee surveys
In the spirit of feedback, we also want to create opportunities to give our One GO Team a voice, and, as happened in recent years, an external agency was commissioned to administer an employee satisfaction survey. The survey, which ran for a month in October 2021, gathered feedback about our people's experience working at GO, by focusing on leadership effectiveness, corporate culture, performance management, employee wellbeing, training and development, communication and team cohesiveness and reward and recognition. The response rate in the year under review was the highest participation rate registered since the survey started being administered.

Driving purpose and values
When we had embarked on our purpose and culture transformation journey almost two years ago, several Purpose Champions, representing the larger functions at GO, had been appointed to ensure that purpose and values are infused across the organisation. The role of our Purpose Champions has since evolved, and today our Champions are tasked with observing the organisation, identifying any blockers that are inhibiting us from driving purpose and values and working with respective teams to overcome them. The Purpose Champions are also encouraged to role model the desired behaviours and take an active role in defining what a purpose-driven organisation looks like and how this can be translated into their respective functions.

Directors' report - continued

In support of driving our purpose and values, the new STAR (Special Thanks and Recognition) programme, rolled out in 2021, encourages our people to share their positive experiences about other colleagues who went above and beyond to live our purpose and values. During the year under review, we have had a very encouraging take-up with many colleagues participating in the programme with the express purpose of praising others.

Non-birthing leave policy
We are tangibly committed to enhancing the working experience at GO and improving the well-being of all our people in a myriad of ways. In honour of our belief in, and our drive to, safeguard, gender equality, we rolled out our non-birthing leave policy, which entitles the non-birthing parent to four weeks of birth leave at full pay, thus giving both caregivers the opportunity to be actively involved in their child's upbringing.

Working from abroad policy
Following the introduction of hybrid working arrangements in 2020, during the year under review, we took working remotely to the next level and implemented a temporary work from abroad policy for a defined period, which enhances our flexible culture and supports both our people, if their role allows them to do so, and business operations. The temporary work from abroad policy strengthens GO as an inclusive employer and allows our people to have an overall better working experience. An inclusive culture is fundamental to ensuring our diverse workforce can develop and grow.

Diversity and Inclusion
Diversifying the mix of our people continues to be a priority within our people strategy. We continue to attract and recruit highly talented individuals world-wide. Today, our people come from all over the globe, spanning four continents. On the occasion of World Day for Cultural Diversity, we celebrated the beauty and uniqueness of our One GO team, by surprising them with a taste of home, seeing that the pandemic last year had severely hampered international travel movements.

In 2021, our GO Cares team was able to organise several initiatives, thanks to ongoing monthly contributions from our people, as well as the organisation of fund-raising seasonal events. Entities that benefitted from GO Cares included Europa Donna (Malta), Tree4U, Nahsebfik and SOAR Services.

Recruitment & Retention
In 2021, GO adopted a fresh approach to overcome the challenge of limited local supply, particularly to fill digital roles, and leverage global talent.

We believe that talented people know other talented people. During the year under review, we extended our recruitment referral policy, intended to reward individuals who do not work at GO but who might know of talent who would fit our culture and would refer them to us.

GO as an Employer
GO is proud to be an Equal Opportunity Employer. We are committed to equal employment opportunities regardless of race, gender, age, religion, disability, sexual orientation, and national origin. Total employee benefit expense for the year amounted to €34.8 million (2020: €37.3 million). The average number of persons employed by the Group, including part-timers and students, during the year amounted to 1,179 (2020: 1,213).

Directors' report - continued

During an Award Ceremony organised by the Foundation for Human Resources Development (FHRD), GO was one of the first 12 companies nation-wide to be awarded the FHRD Quality Mark, which recognises the professionalism, competence and contribution of the HR function in GO, through the implementation of various policies and strategies which include : HR Policies and Practices, Recruitment, Selection and Talent Management, Compensation, Benefits and Total Rewards, Employment and Industrial Relations, Performance Management, HR Information Systems and People Training and Development.

We have ensured that the right policies are in place, and updated regularly, on matters related to Whistle Blowing, Social Media, Anti-Harassment and Anti Bullying and all other aspects outlined in the relevant employment legislation; and in making sure these are updated from time to time and that such knowledge is disseminated throughout the organisation. All policies duly reflect the standards set by Maltese legislation.

Our health, safety and wellbeing strategy includes that every line of business is responsible for the safety of their employees and third parties which may be effected by their operations. Our people receive specific health and safety training and/or are provided with the necessary health and safety information whereas their line managers take responsibility for making sure their teams know how to comply with health and safety standards Policies and programmes are in place to make sure we adhere to our own standards and that these standards meet or exceed minimum legal requirements. We will also work to make sure our products comply with safety regulations, including meeting industry standards. We provide direction to help teams understand and control health and safety risks and help everyone feel involved in health, safety and wellbeing issues.

Change is the new constant at GO. Yet, although the pandemic has obliged us to devise new ways of working together, by remaining focused on our Purpose of driving a digital Malta where no one is left behind and by living our corporate values – 'Obsessing about our Customer', 'Acting like an Owner' and 'Working as One GO Team', we have managed to become even more connected as an organisation, and continue to successfully reach and exceed our set targets.

Privacy Policy
GO is very conscious about the personal data it handles daily, especially when dealing with its customers. It has taken a number of steps to ensure compliance with all relevant legislation, including the GDPR and Data Protection Act, and to implement internal processes which safeguard our customers' privacy and personal data on a daily basis.

GO's Privacy Policy, which is published on its website and made readily available, gives both customers and non-customers a full picture on the type of personal data GO process as well as the manner and extent to which it does so. It also explains and outlines the process for customers to exercise their rights with respect to their personal data and how to take matters up with our Data Protection Officer.

Over the past year, our Data Protection Officer has handled very few complaints, requests for information or customer-related issues. Given the number of customers and data processes we have in place, we consider this to be a true testament to our commitment and success in this area. Our customers have faith in us and with good reason, and we want to ensure that we continue to build on that trust.

As with everything else, we are sure that this is, and will continue to be, down to our employees, who remain the cornerstone of our organisation. Apart from the Privacy Policy, our employees across all the Group are carefully implementing a number of other specially written internal policies and procedures which help guide and educate those strategies, decisions and interactions which may have an impact, big or small, on a customer's personal data. Such documentation is updated whenever necessary. We also hold regular training sessions for all staff so as to continually keep privacy and the protection of personal data at the forefront of our services.

Directors' report - continued

Social support
Our purpose as a Company is to drive a digital Malta where no one is left behind. We have always taken an active role in the Maltese community, supporting social causes that aid numerous families in need. One cause in particular which we supported during 2021 is the Your Device Your Right initiative, managed by the Malta Trust Foundation, in which GO provided free internet connections for underprivileged families in support of the children's' online education.

We recognise that in moments of trial, one needs to remain connected to what matters to them most. As a Company we are privileged to be at the heart of this. In this spirit, and against the backdrop of developments in Ukraine, we have recently extended mobile connectivity to our active subscribers in the region to ensure that they can stay connected to family and friends, and likewise, nulled all charges for calls and SMSs from Malta to Ukraine.

Our aim is to invest in a number of initiatives that deliver social and environmental benefits and which somehow reflect our purpose as a company. This investment is a mixture of cash, time volunteered and in-kind contributions. As a Company, we had to strike the right balance between supporting the community, protecting the business and safeguarding shareholder interests. We therefore had to allocate resources as efficiently as possible, particularly in view of the uncertainties that prevailed. It was decided that no new official sponsorships would be entertained during 2021 until we had visibility of the economy stabilising.

We did however honour our commitments that were agreed to in previous years.

Support towards the Malta Community Chest Fund Foundation continued throughout the year – mainly through L-Istrina, which was once again an event which was heavily supported by GO, not only in terms of a substantial donation but also in terms of equipment, communications infrastructure and hundreds of man-hours, freely granted to ensure the success of this annual fundraiser. GO also supported various NGOs including Caritas, Dar tal-Providenza and Puttinu Cares.

Activities by GO Cares Foundation continued throughout the year.

Environmental matters and climate related information
Digital enablement can play a key role in protecting the environment. The costs of pollution, and the benefits of environmental sustainability, are increasingly recognised worldwide. The ongoing COVID-19 crisis has given us a glimpse of what future climate related crisis could look like: unpredictable, swift and global. Such crises pose enormous risk to business. Businesses across the globe have to take action to safeguard societies and ultimately themselves from such crises. Making capital investments that minimise their carbon foot print is one way of doing this.

GO recognises its responsibility in being part of this change and is taking tangible action to minimise our environmental impact. At the heart of GO's purpose is digital enablement which is the basis of the GO's strategy in becoming a sustainable company. GO's sustainable strategy is based on 3 pillars:

- Reduce – reduce sources of carbon emissions by investing in our FTTH network and switching off our copper network. During 2021, GO invested €6,332,000 in its FTTH and over 47% of our customers are being served over our FTTH network. Another project that is underway to reduce our carbon emissions is migrating our legacy exchanges to smaller exchanges. In February 2021, the Marsa exchange migration was completed and works have started on the B'Kara exchange which is targeted to be completed by 2022. In 2021, this investment amounted to €985,000.

- Replace – replace key infrastructure and sources of energy with renewables. The strategy in this area is to replace its fleet to an electric fleet, develop net zero buildings and switch to renewable energy. The aim is for these projects to be in place by 2025.

Directors' report - continued

- Transform – transform our business processes and in turn aid our customers reduce their own carbon footprint. From 2020, GO has been pushing its customers to interact digitally especially with regards to renewals and payments. From 2021, customers no longer need to come to our outlets to renew their contracts and contracts are now being signed and stored digitally so saving on paper consumption. In 2021, procedures were also put in place where every customer premises equipment is tested and refurbished when brought back by our customers, with the aim of extending the life cycle of these products and aiding the circular economy, this reduced our wastage in this type of equipment by 80%.

During 2020, GO undertook a study to measure its carbon footprint that arise from scope 1 which is the direct emissions from owned or controlled sources, scope 2 which measures the indirect emissions from the generation of purchased electricity, and also a limited amount of scope 3 categories. In 2021, GO widened the scope of this exercise to include all scope 3 categories which includes all indirect emissions that occur in the value chain including upstream and downstream emissions. As a result of this expanded and more comprehensive exercise, the carbon footprint for 2021 amounted to 50k tonnes of carbon dioxide equivalent, of which circa 43k tonnes are as a result of scope 3, which in the current year figures include a wider definition of activities. These include emissions from suppliers (upstream) and from clients (downstream) as a result of their interaction with GO and as well as employees working remotely. Below is a comparative analysis of the carbon footprint measured in tonnes of carbon dioxide equivalent, for the years 2021 and 2020:

	2021	2020
Scope 1 – direct emissions from owned or Controlled sources	**543**	562
Scope 2 – indirect emissions from the generation of purchased electricity	**6,544**	7,225
Scope 3 – all indirect emissions not included in scope 2	**37,505**	3,142
Total	**44,592**	10,929

EU taxonomy disclosure
On 6 July 2021, the European Commission adopted the Delegated Act supplementing Article 8 of the Taxonomy Regulation ("the Disclosures Delegated Act"), which requires large financial and non-financial companies to provide information to investors about the environmental performance of their assets and economic activities.

Article 8(2) of the Taxonomy Regulation, i.e. Regulation (EU) 2020/852, requires non-financial undertakings to disclose information on the proportion of their turnover, capital expenditure and operating expenditure ('key performance indicators') which are considered taxonomy-eligible. The Disclosures Delegated Act specifies the disclosure obligations including the content, methodology and presentation of information to be disclosed on the economic activities that are aligned with the Taxonomy Regulation. Taxonomy-eligible economic activities comprise any economic activity which is described in relation to the six environmental objectives laid out in article 9 of the same regulation. As of 1 January 2023, for reporting period 2022, taxonomy-alignment, requiring the economic activity in question to also meet the technical screening criteria outlined in annexes to the EU Climate Delegated Act to the Taxonomy Regulation, shall also be reported upon.

In order to identify its economic activities covered by the European Taxonomy, GO Group relied on the EU Climate Delegated Act, and Annex 1 & 2 to this Delegated Act. Eligible activity classification was done through the officially-assigned NACE codes, in particular J60 and J63.

Directors' report - continued

The evaluation of the eligibility of the Group's business activities has been conducted on the basis of the Taxonomy and Delegated Regulation (Annex I – KPIs of non-financial undertakings) and its definition of the denominator and numerator of the 3 required KPIs mentioned above. It was performed through a methodological approach consisting of:

- extracting total denominator for the 3 KPIs from the financial reporting system,
- identifying those activities that might fall within the list of economic activities covered in 'Delegated Acts',
- documenting and assessing for each of those economic activities their 'eligibility' to the first two environmental objectives: 'Climate Change Mitigation' and 'Climate Change Adaptation' included in the EU taxonomy in order to determine the numerator of each of the 3 KPIs.

Turnover is considered to cover all business activities of the Group during the year ended 31 December 2021, at a gross level taking into account all underlying economic activities. It is calculated as the part of the net turnover derived from products or services associated with the taxonomy-aligned economic activities.

CaPex consists of additions to property, plant and equipment and intangible assets during the financial ended 31 December 2021, before depreciation, amortisation and any re-measurements recognised by the Group, which have been accounted for in accordance with IFRS as adopted by the EU and relate to assets that are associated with taxonomy-aligned economic activities.

OpEx consists of all operating expenditure, including maintenance and repair and other direct expenditure relating to the day-to-day servicing of assets of property, plant and equipment that are necessary to ensure the continued and effective functioning of such assets during the year ended 31 December 2021, at a gross level taking into account all underlying economic activities.

The table below outlines the actual KPI related to the EU Taxonomy, based on the above considerations and methodology:

	Taxonomy eligible activities		Taxonomy non-eligible activities		Total	
	%	€000	%	€000	%	€000
Turnover	33%	64,378	67%	129,288	100%	193,666
Capex	25%	13,785	75%	41,057	100%	54,842
Opex	19%	23,012	81%	97,469	100%	120,481

Anti-corruption and bribery matters
One of GO's key objectives is to strive for ethical behaviour with regards to its interactions with all its stakeholders. Our Company's long-standing commitment to doing business with integrity means avoiding corruption in any form, including bribery, and complying with the local legislation in this respect. GO has set up a formal policy in respect of these matters.

This policy sets out the responsibilities of company officials and guidance on how to recognise and deal with bribery and corruption. GO prohibits bribery and corruption in all its forms. In all our dealings with public officials or private individuals or businesses, we must be open and transparent, conduct ourselves appropriately and strictly adhere to our business processes. This will ensure that no bribery or corruption takes place and avoid any appearance or suggestion of improper behaviour.

Directors' report - continued

In order to ensure compliance to this policy, GO has in place a procurement process, in which all purchasing above a certain limit has to abide by rigorous procurement procedures and the authorisation levels of its officials. In line with environment commitments GO has invested in a paperless office and in this regard all transactions from the initial procurement stage up to approval is digitally stored, thus ensuring that GO has a full digital audit trail of the entire process.

Our suppliers provide the products and services that are so important in executing our strategy. We want to know who we are doing business with and who is acting on our behalf. So, we choose suppliers using principles that make sure we act ethically and responsibly, ensuring as much as is practicable that suppliers act in a socially and environmentally responsible way. GO carries out due diligence checks and also ongoing monitoring of the suppliers, agents, resellers and distributors base in order to detect at source any unusual behaviour and make sure that the organisation's zero tolerance policy is consistently portrayed both to the current supplier base and any potential new comers to the scene. Since it is crucial that we maintain high ethical standards. We do not tolerate fraud, bribery, any form of corruption or any illegal or unethical activity. We follow local and international law, including anti-corruption and bribery laws. Our policy is that procurement contracts include anti-corruption and bribery clauses.

We also face the risks associated with inappropriate and unethical behaviour in the market by our people or associates, such as suppliers or agents, which can be difficult to detect. GO faces the risks that the controls designed to prevent, detect and correct such behaviour may be circumvented. Controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and there can be no assurance that any design will succeed in achieving its stated goals under all potential conditions, regardless of how remote.

If our people, or associates like suppliers or agents, breach anti-corruption, bribery, sanctions or other legislation there could be significant penalties, criminal prosecution and damage to our brand. This could have an impact on future revenue and cash flows depending on the nature of the breach, the legislation concerned and any penalties. Accusations of corruption, bribery, violating sanctions, regulations or other laws could lead to reputational damage with investors, regulators and customers. If fraud is committed, there is a risk of financial misstatement which if undetected can have a material financial impact and potential litigation together with regulatory consequences.

Financial and other controls play an important part in our ability to prevent and detect inappropriate and unethical behaviour. This behaviour includes fraud, deliberate financial misstatement and improper accounting practices, as well as breaches of anti-corruption, bribery, or sanctions legislation. If the design, operation or the assurance over these controls is ineffective or circumvented, there is a greater risk that the impacts described above may materialise.

We have a controls and compliance programme to strengthen awareness of the standards we expect, the capabilities of our people, and to reinforce the importance of doing business in an ethical, disciplined and standardised way. As part of the implementation of the policy, we asked all our people to complete training to embrace our zero tolerance to bribery and corruption. We have policies covering gifts, hospitality, charitable donations and sponsorship. We run tailored training for people in higher-risk roles like procurement and sales.

We also have procedures in place where employees can report in complete confidence to the Group Internal Auditor and that any retaliation against someone who reports a concern is strictly prohibited. Also our internal audit team runs checks on our business to ensure that the policies are being adhered to.

The Group will monitor the application of the policy referred to with a view to determining, if considered applicable, objectives and KPIs in coming financial years to explain further progress in respect of these areas. However, the outcome of this process depends on the manner in which events unfold in future.

Directors' report - continued

Board of Directors

The Directors who served on the Board during the year under review or up to the date of this report are listed hereunder. None of the Directors in office during the year or at the balance sheet date held an executive appointment with the Company or its subsidiaries.

Sofiane Antar
Lassaad Ben Dhiab
Paul Fenech
Faker Hnid
Deepak Padmanabhan
Norbert Prihoda
Paul Testaferrata Moroni Viani
Samir Saied (resigned 13 October 2021)

In terms of Article 58.2 of the Articles of Association, the term of appointment of the Directors still in office expires at the forthcoming Annual General Meeting.

Paul Fenech, Deepak Padmanabhan and Paul Testaferrata Moroni Viani offered themselves for election at the twenty-third Annual General Meeting for the three seats on the Board of Directors and thus there was no need for an election and the three were re-appointed to represent the Company's minor shareholders.

Faker Hnid, Nikhil Patil (GO's Chief Executive Officer) and Reuben Attard (GO's Chief Finance Officer) acted as Director of BMIT Technologies p.l.c. (BMITT.)

Faker Hnid, Nikhil Patil (GO's Chief Executive Officer), Reuben Attard (GO's Chief Finance Officer) acted as directors on the boards of the following subsidiaries of BMITT: on BMIT Limited, Bellnet Limited and BM Support Services Limited.

Faker Hnid and Paul Testaferrata Moroni Viani, together with Nikhil Patil (GO's Chief Executive officer) were acting as Directors of Cablenet Communications Systems p.l.c. during the year ended 31 December 2021.

None of the Directors have service contracts with either the Company or its subsidiaries.

The composition of Officers and Senior Management is further disclosed under section 'Company Information'. Further information is also given in the Corporate Governance - Statement of Compliance.

Remuneration committee and corporate governance

The activities of the remuneration committee and the Group's arrangements for corporate governance are reported on pages 21 to 35.

Directors' responsibilities

The Directors are required by the Companies Act (Cap. 386) to prepare financial statements in accordance with International Financial Reporting Standards as adopted by the EU which give a true and fair view of the state of affairs of the Company as at the end of each reporting period and of the profit and loss for that period.

Directors' report - continued

In preparing the financial statements, the Directors are responsible for:

- ensuring that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the EU;
- selecting and applying consistently suitable accounting policies;
- making accounting judgements and estimates that are reasonable; and
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Company will continue in business as a going concern.

The Directors are also responsible for designing, implementing and maintaining such internal control as they deem necessary for the preparation of financial statements that are free from financial misstatements, whether due to fraud or error, and that comply with the Maltese Companies Act (Cap. 386). They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements of GO p.l.c. for the year ended 31 December 2021 are included in the Annual Financial Report 2021, which is published in hard-copy printed form and will be made available on the Company's website. The Directors are responsible for the maintenance and integrity of the Annual Financial Report on the website in view of their responsibility for the controls over, and the security of, the website. Access to information published on the Company's website is available in other countries and jurisdictions, where legislation governing the preparation and dissemination of financial statements may differ from requirements or practice in Malta.

Information provided in accordance with *Capital Markets Rule 5.70.1*

There were no material contracts to which the Company, or any of its subsidiaries was a party, and in which anyone of the Company's Directors was directly or indirectly interested.

Going concern

The Directors, as required by the Capital Markets Rule 5.62, have considered the Company's operating performance, the balance sheet at year end, as well as the business plan for the coming year, and they have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, in preparing the financial statements, they continue to adopt the going concern basis.

Auditors

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office. A resolution to re-appoint the auditors and to authorise the Directors to fix their remuneration will be proposed at the forthcoming Annual General Meeting.

Information provided in accordance with *Capital Markets Rule 5.64*

The authorised share capital of the Company is three hundred forty nine million four hundred and five thousand eight hundred euro (€349,405,800) divided into six hundred million (600,000,000) shares of fifty eight point two three four three euro cent (58.2343 euro cent) each share.

The issued share capital of the Company is fifty eight million nine hundred and ninety seven thousand, four hundred and fifty three euro and fifty one euro cent (€58,997,453.51) divided into one hundred and one million three hundred and ten thousand four hundred and eighty eight (101,310,488) ordinary shares of fifty eight point two three four three euro cent (58.2343 euro cent) each share, which have been subscribed for and allotted fully paid up. The issued shares of the Company consist of one class of ordinary shares with equal voting rights attached.

Directors' report - continued

The Company did not modify in any way the structure of its share capital during the year. No further issues were made and neither did the Company acquire ownership of or any rights over any portion of its issued share capital.

The Directors confirm that as at 31 December 2021, only TT ML Limited held a shareholding in excess of 5% of the total issued share capital.

Any shareholder holding in excess of 40% of the issued share capital of the Company having voting rights may appoint the Chairman. In the event that there is no one single shareholder having such a shareholding, the Chairman shall be elected by shareholders at the Annual General Meeting of the Company.

The rules governing the appointment of Board members are contained in Clause 57.2 of the Company's Articles of Association as follows:

The Directors shall be appointed as set out hereunder:

(a) A Shareholder holding not less than 12% (twelve per centum) of the issued share capital of the Company having voting rights shall be entitled to appoint one Director for every such 12% holding by letter addressed to the Company. Provided that anyone Shareholder who, pursuant to the provisions of sub article 57.1 (a) is entitled to appoint the Chairman, shall for the purposes of the appointment of Directors in terms of this sub-article have 12% of his holdings deducted and may accordingly only appoint Directors with the residual balance of shares having voting rights after such deduction.

(b) Any Shareholder who does not qualify to appoint Directors, in terms of the provisions of paragraph (a) of this sub-article 57.2, and who has not aggregated his holdings with those of other Shareholders for the purposes of appointing a Director(s) pursuant thereto, shall be entitled to participate and vote in an election of Directors to take place once in every year at the Annual General Meeting of the Company.

(c) Shareholders entitled to appoint Directors pursuant to the provisions of paragraph (a) sub-article 57.2 shall not be entitled to participate in the election of Directors in terms of paragraph (b) of this sub-article.

(d) Members shall be entitled in lieu of voting at an election of Directors, to aggregate their shareholdings, and to appoint one Director for every twelve per cent (12%) shareholding having voting rights held between them, by letter addressed to the Company in accordance with the provisions of sub-article 57.2 (a); and for the purposes of this paragraph and voting rights of persons entitled to vote pursuant to the provisions of sub-article 57.2 (b) remaining after the exercise of such vote may aggregate such rights as aforesaid.

Any amendment to the Company's Memorandum and Articles of Association has to be made in accordance with the Companies Act (Cap. 386).

Without prejudice to any special rights previously conferred on the holders of any of the existing shares or class thereof, any share in the Company may be issued with such preferred, deferred, or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as the Board of Directors may from time to time determine, as provided for in Clauses 3.2 and 3.3 of the Articles of Association, as long as any such issue of equity securities falls within the authorised share capital of the Company.

Directors' report - continued

The Company may, subject to the applicable restrictions, limitations and conditions contained in the Companies Act (Cap. 386), acquire its own shares and/or equity securities.

Pursuant to Capital Markets Rules 5.64.2, 5.64.4, 5.64.5, 5.64.6, 5.64.7, 5.64.10 and 5.64.11 it is hereby declared that, as at 31 December 2021, none of the requirements apply to the Company.

We, the undersigned, declare that to the best of our knowledge, the financial statements prepared in accordance with the applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and its subsidiaries included in the consolidation taken as a whole, and that this report includes a fair review of the performance of the business and the position of the Company and its subsidiaries included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Signed on behalf of the Company's Board of Directors on 30 March 2022 by Paul Testaferrata Moroni Viani and Paul Fenech as per the Directors' Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual Financial Report 2021.

Registered office
GO, Fra Diegu Street
Marsa
Malta

Company Secretary
Dr Francis Galea Salomone

30 March 2022

Corporate governance - Statement of compliance

A. Introduction

Pursuant to the Malta Financial Services Authority Capital Markets Rules, GO p.l.c. ('the Company' or GO) whose equity securities are listed on a regulated market should endeavour to adopt the Code of Principles of Good Corporate Governance ('the Code') as contained in Appendix 5.1 to Chapter 5 of the Capital Markets Rules. In terms of the Capital Markets Rules the Company is hereby reporting on the extent of its adoption of the Code.

The Company acknowledges that the Code does not prescribe mandatory rules but recommends principles so as to provide proper incentives for the Board of Directors ('the Board') and the Company's management to pursue objectives that are in the interests of the Company and its shareholders. Good corporate governance is the responsibility of the Board, and in this regard the Board has carried out a review of the Company's compliance with the Code during the period under review, and hereby provides its report thereon.

As demonstrated by the information set out in this statement, together with the information contained in the Remuneration Report to the Shareholders, the Company believes that it has, save as indicated herein the section entitled Non-Compliance with the Code, throughout the period under review, applied the principles and complied with the provisions of the Code.

B. Compliance

Principle 1: The Board

The Board, the members of which are appointed by the shareholders, is primarily tasked with the administration of the Company's resources in such a way as to enhance the prosperity of the business over time, and therefore the value of the Shareholders' investment. The Board is composed of eight Directors (one of whom is the Chairman) all of whom are non-executive Directors.

The Board is in regular contact with the Chief Executive Officer and is continuously informed of any decisions taken by the senior management in order to ensure an effective contribution to the decision making process, whilst at the same time exercising prudent and effective controls. Directors, individually and collectively, are of appropriate calibre, with the necessary skill and experience to assist them in providing leadership, integrity and judgement in directing the Company towards the maximisation of shareholder value.

The Board delegates specific responsibilities to a number of committees, notably the Remuneration Committee and the Audit Committee, each of which operates under formal terms of reference approved by the Board.

Further detail in relation to the Committees and the responsibilities of the Board is found in paragraph 'Principles 4 and 5' of this statement.

Principle 2: Chairman and Chief Executive Officer

The roles of Chairman and Chief Executive Officer are filled by separate individuals, and the Chief Executive Officer is appointed by the Board for a definite period. During the period under review Nikhil Patil was the Chief Executive Officer.

The responsibilities and roles of the Chairman and the Chief Executive Officer are clearly established and agreed to by the Board of Directors.

Corporate governance - Statement of compliance - continued

Principle 2: Chairman and Chief Executive Officer - continued

The Chairman is responsible to lead the Board and set its agenda. The Chairman ensures that the Board is in receipt of precise, timely and objective information and also encourages active engagement by all members of the Board for discussion of complex and contentious issues.

The Chairman also leads the Executive Committee, the composition of which is set out below, and whose main role and responsibilities are to execute agreed strategy and manage the business. His role in this respect does not render his directorship an executive role.

Principle 3: Composition of the Board

In accordance with the provisions of the Company's Articles of Association, the appointment of Directors to the Board is exclusively reserved to the Company's shareholders, except in so far as appointment is made to fill a casual vacancy on the Board, and which appointment would expire at the Company's Annual General Meeting following appointment. Any vacancy among the Directors may be filled by the co-option of another person to fill such vacancy. Such co-option shall be made by the Board of Directors.

The Board has the overall responsibility for the activities carried out within the Company and the Group and thus decides on the nature, direction, strategy and framework of the activities and sets the objectives for the activities.

The Board of Directors is currently comprised from eight (8) non-executive Directors. The following Directors served on the Board during the period under review:

Sofiane Antar
Lassaad Ben Dhiab
Paul Fenech
Faker Hnid
Deepak Padmanabhan
Norbert Prihoda
Paul Testaferrata Moroni Viani
Samir Saied (resigned on 13 October 2021)

For the purposes of the Code, the non-executive Directors are independent. The Company deems that, although Sofiane Antar, Faker Hnid, Lassaad Ben Dhiab and Norbert Prihoda, and resigned Chairman Samir Saied have/had an employee and director relationship with the controlling shareholder, in terms of Supporting Principle 3 (vii) of the Code of Principles of Good Corporate Governance such relationship is not considered to create a conflict of interest such as to jeopardise exercise of their free judgement.

Corporate governance - Statement of compliance - continued

Principle 3: Composition of the Board - continued

Application of Diversity Policy in relation to the Board of Directors

The Company does not have in place a formal diversity policy which is applied in relation to the Board of Directors with regard to aspects such as age, gender or educational and professional backgrounds. This is principally attributable to the fact that the Company is controlled by Tunisie Telecom and accordingly policies such as this which govern the composition of the Board necessarily have to take into account the circumstances, direction and strategy of the controlling party. Notwithstanding the absence of a diversity policy, the Company endeavours to have in place a Board composed of members who possess a diverse range of skills, characteristics and qualities. The objective of the Company is that the Board composition contributes to different views and opinions, enhancing the level and quality of challenge together with oversight exercised at Board level.

Principles 4 and 5: The Responsibilities of the Board and Board Meetings

The Board has a formal schedule of matters reserved to it for decisions, but also delegates specific responsibilities to various board committees and sub-committees, the most prominent being the Audit Committee and the Remuneration Committee. Directors receive board and committee papers in advance of meetings and have access to the advice and services of the Company Secretary. Directors may, in the course of their duties, take independent professional advice on any matter at the Company's expense. The Directors are fully aware of their responsibility to always to act in the best interests of the Company and its shareholders as a whole, irrespective of whoever appointed or elected them to serve on the Board. As delegated and monitored by the Board, the Company Secretary keeps detailed records of all dealings by Directors and senior executives of the Company and its subsidiaries in the Company's shares and all minutes of meetings of the Board and its sub-committees.

During the year under review the Board met fifteen (15) times and attendance by Board members was as follows:

	Attended
Sofiane Antar	15
Mr. Lassaad Ben Dhiab	15
Paul Fenech	15
Faker Hnid	15
Deepak Padmanabhan	14
Norbert Prihoda	15
Paul Testaferrata Moroni Viani	14
Samir Saied (resigned on 13 October 2021)	11

On joining the Board, a Director is provided with a presentation by the departmental heads on the activities of their respective business unit in the Company and its subsidiaries. The Directors receive, on a regular basis, information on the Group financial performance and position. The Board has the responsibility to ensure that the activities are organised in such a way that the accounts, management of funds and financial conditions in all other respects are controlled in a satisfactory manner and that the risks inherent in the activities are identified, defined, measured, monitored and controlled in accordance with external and internal rules, including the Articles of Association of the Company. The Board of Directors continuously assesses and monitors the Company's operational and financial performance, assesses and controls risk, and monitors competitive forces in all areas of operation. It also ensures that both the Company and its employees maintain the highest standards of corporate conduct.

Corporate governance - Statement of compliance - continued

Principles 4 and 5: The Responsibilities of the Board and Board Meetings - continued

Board Committees

Audit Committee

The Audit Committee supports the work of the Board in terms of quality control of the Group's financial reports and internal controls. The Audit Committee is currently chaired by Faker Hnid, with the other members being Deepak Padmanabhan and Paul Fenech. The Audit Committee is independent and is constituted in accordance with the requirements of the Capital Markets Rules, with Faker Hnid being chosen as the member competent in accounting and/or auditing in view of his experience in the field. The Internal Auditor is present at Audit Committee meetings. The Chief Finance Officer and the external auditors of the Company attend the meetings of the Committee by invitation. Other executives are requested to attend when required. The Company Secretary also acts as Secretary to the Audit Committee.

The Committee scrutinises and monitors related party transactions. It considers the materiality and the nature of the related party transactions carried out by the Company to ensure that the arm's length principle is adhered to at all times.

As part of its duties, the Committee receives and considers reports on the system of internal financial controls and the audited statutory financial statements of all companies comprising the Group. The Committee held ten (10) meetings during the year. The external auditors attended four (4) of these meetings.

Remuneration Committee

The Committee is responsible for determining and agreeing with the Board the framework or broad policy for the Remuneration of the Company's chief officers, the Chairman of the Company, the Directors of the Board, and such other members as it is designated to consider. In determining such policy, the Committee takes into account all factors which it deems necessary, including the position of the Group companies relative to other companies in the marketplace. The objective of such policy shall be to ensure that Directors and chief officers are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Group companies.

The Remuneration Committee was chaired by the Chairman of the Board of Directors, the other members being Paul Testaferrata Moroni Viani and Paul Fenech. The Company Secretary, Dr Francis Galea Salomone, acts as Secretary to the Remuneration Committee. The Remuneration Committee met two (2) times in 2021. The Remuneration Report is set out on pages 30 to 35.

Corporate governance - Statement of compliance - continued

Principle 6: Information and Professional Development

The Board is responsible for the appointment of the Chief Executive Officer. The Chief Executive Officer, although responsible for the recruitment and selection of senior management, consults with the Remuneration Committee and with the Board on the appointment of senior management.

On joining the Board, Board members are informed in writing by the Company Secretary of the Directors' duties and obligations, relevant legislation as well as rules and bye-laws. In addition, Directors have access to the advice and services of the Company Secretary and the Board is also advised directly, as appropriate, by its legal advisors. Directors are also provided with a presentation by the departmental heads on the activities of their respective business unit in the Company and subsidiaries. On a regular basis, the Directors receive periodic information on the Group's financial performance and position. The Company Secretary ensures effective information flows within the Board, committees and between senior management and Directors, as well as facilitating professional development. The Company Secretary advises the Board through the Chairman on all governance matters.

Directors may, in the course of their duties, take independent professional advice on any matter at the Company's expense. The Company will provide for additional individual Directors' training on a requirements basis.

Principle 7: Evaluation of the Board's Performance

The Chairman of the Board informally evaluates the performance of the Board members, which assessment is followed by discussions within the Board. Through this process the activities and working methods of the Board and each committee member are evaluated. Amongst the things examined by the Chairman through his assessment are the following: how to improve the work of the Board further, whether or not each individual member takes an active part in the discussions of the Board and the committees; whether they contribute independent opinions and whether the meeting atmosphere facilitates open discussions. Under the present circumstances the Board does not consider it necessary to appoint a committee to carry out a performance evaluation of its role as the Board's performance is furthermore also under the scrutiny of the shareholders.

On the other hand, the performance of the Chairman is evaluated by the Board of Directors of the ultimate controlling party, taking into account the manner in which the Chairman is appointed. The self-evaluation of the Board has not led to any material changes in the Company's governance structures and organisations.

Principle 8: Committees

The function of the Remuneration Committee is dealt with under the Remuneration Report, which also includes the Remuneration Statement in terms of Code Provisions 8.A.3 and 8.A.4.

The Company has opted not to set up a Nomination Committee. Further explanation is provided under the section entitled Non-Compliance with the Code of this Statement.

Principles 9 and 10: Relations with Shareholders and with the Market, and Institutional Shareholders

The Company recognises the importance of maintaining a dialogue with its shareholders and of keeping the market informed to ensure that its strategies and performance are well understood. During the period under review the Company has maintained an effective communication with the market through a number of Company announcements and press releases.

The Company also communicates with its shareholders through the Company's Annual General Meeting ('AGM'). The Chairman of the Board ensures that all Directors attend the AGM and that both himself and the Chairman of the Audit Committee are available to answer questions.

Corporate governance - Statement of compliance - continued

Principles 9 and 10: Relations with Shareholders and with the Market, and Institutional Shareholders - continued

Both the Chairman and Chief Executive Officer also ensure that sufficient contact is maintained with major shareholders to understand issues and concerns.

Apart from the AGM, the Company communicates with its shareholders by way of the Annual Financial Report and Financial Statements and also through the Company's website (www.go.com.mt) which also contains information about the Company and its business, including an Investor Relations section.

In addition, the Company holds meetings with major stockbrokers and financial intermediaries, which meetings usually coincide with the publication of financial statements.

The office of the Company Secretary maintains regular communication between the Company and its investors. Individual shareholders can raise matters relating to their shareholdings and the business of the Group at any time throughout the year, and are given the opportunity to ask questions at the AGM or to submit written questions in advance.

As provided by the Companies Act (Cap. 386), minority shareholders may convene Extraordinary General Meetings.

Principle 11: Conflicts of Interest

The Directors are fully aware of their responsibility to always to act in the best interests of the Company and its shareholders as a whole irrespective of whoever appointed or elected them to serve on the Board.

On joining the Board and regularly thereafter, the Directors are informed of their obligations on dealing in securities of the Company within the parameters of law, including the Capital Markets Rules, and Directors follow the required notification procedures.

Directors' interest in the shareholding of the Company:

	Number of shares as at 31 December 2021
Sofiane Antar	nil
Lassaad Ben Dhiab	nil
Paul Fenech	130,995
Faker Hnid	nil
Deepak Srinivas Padmanabhan	nil
Norbert Prihoda	nil
Paul Testaferrata Moroni Viani	78,394
Samir Saied (resigned 13 October 2021)	nil

Paul Fenech has a beneficial interest in the Company of 130,995 shares through the shareholding of Classic Group Ltd. in GO.

Paul Testaferrata Moroni Viani has a beneficial interest in the Company of 75,494 and 2,900 shares through the shareholding of other related parties including Testaferrata Moroni Viani (Holdings) Ltd. and Testaferrata Moroni Viani Ltd. respectively in GO.

None of the other Directors of the Company have any interest in the shares of the Company or the Company's subsidiaries or investees or any disclosable interest in any contracts or arrangements either subsisting at the end of the last financial year or entered into during this financial year.

Corporate governance - Statement of compliance - continued

Principle 11: Conflicts of Interest - continued

There were no other changes in the Directors' interest in the shareholding of the Company between year-end and 27 February 2022.

Principle 12: Corporate Social Responsibility

As a major presence in the community, GO has always taken its corporate social responsibility very seriously. As in previous years, in 2021 the Group has maintained a steady programme of activities aimed at improving the quality of life of its work force and their families, as well as of the local community and society at large. *L-Istrina* was once again an event which was heavily supported by GO, not only in terms of a substantial donation but also in terms of equipment, communications infrastructure and hundreds of man-hours, freely given to ensure the success of this annual fundraiser. GO also continued to support various NGOs. During the year GO also continued to build on the 'GO for the Future' campaign supporting various educational initiatives which encourage reading and a passion for science.

The Company retained a careful eye on environmental considerations in all its activities, as well as ethical behaviour with regards to its interactions with all its stakeholders.

It is always particularly encouraging to note that while employee support for company-driven events is growing from year to year, so are the number of personal initiatives taken, as this is very much in line with the Company's belief in a holistic approach to their work-life balance as well as strengthening community team spirit.

C. Non-compliance with the Code

Principle 3: Executive and Non-Executive Directors on the Board

As explained in Principle 3 in Section B, the Board is composed entirely of non-executive Directors. Notwithstanding this, it is considered that the Board, as composed, provides for sufficiently balanced skills and experience to enable it to discharge its duties and responsibilities effectively. In addition, no cases of conflict of interest are foreseen.

Principle 4: Succession Policy for the Board (code provision 4.2.7)

This Code Provision recommends the development of a succession policy for the future composition of the Board of Directors and particularly the executive component thereof, for which the Chairman should hold key responsibility.

In the context of the appointment of Directors being a matter reserved exclusively to the Company's shareholders (except where the need arises to fill a casual vacancy) as explained under Principle 3 in Section B, considering that every Director retires from office at the AGM and on the basis of the Directors' non-executive role, the Company does not consider it feasible to have in place such a succession policy.

Principle 6: Succession Plan for Senior Management

Although the Chief Executive Officer is responsible for the recruitment and appointment of senior management, the Company has not established a formal succession plan. This is basically due to the fact that the appointment of senior management is always discussed at the Remuneration Committee and approved by the Board of Directors.

Corporate governance - Statement of compliance - continued

Principle 8 B: Nomination Committee

Pursuant to the Company's Articles of Association, the appointment of Directors to the Board is reserved exclusively to the Company's shareholders. Shareholders holding not less than 12% (twelve per centum) of the issued share capital of the Company having voting rights shall be entitled to appoint one Director for every such 12% holding by letter addressed to the Company. The other shareholders are entitled to appoint the remaining Board members at the AGM in accordance with the provisions of the Articles of Association. The nomination of a candidate by a shareholder is to be seconded by a shareholder or shareholders holding at least 15,000 shares.

Within this context, the Board believes that the setting up of a Nomination Committee is currently not suited to the Company since it will not be able to undertake satisfactorily its full functions and responsibilities as envisaged by the spirit of the Code. The Company also considers that some of the functions of the Nomination Committee (particularly those relating to succession planning and the appointment of senior management) are already dealt with by the Remuneration Committee.

Principle 9: Conflicts between Shareholders (code provision 9.3)

Currently there is no established mechanism disclosed in the Company's Memorandum and Articles of Association to trigger arbitration in the case of conflict between the minority shareholders and the controlling shareholders. In any such cases should a conflict arise, the matter is dealt with in the appropriate fora in the Board meetings, wherein the minority shareholders are represented. There is also an open channel of communication between the Company and the minority shareholders via the office of the Company Secretary.

D. Internal controls

The key features of the Group's system of internal controls are as follows:

Organisation

The Group operates through boards of directors of subsidiaries with clear reporting lines and delegation of powers.

Control environment

The Group is committed to the highest standards of business conduct and seeks to maintain these standards across all of its operations. Group policies and employee procedures are in place for the reporting and resolution of fraudulent activities.

The Group has an appropriate organisational structure for planning, executing, controlling and monitoring business operations in order to achieve Group objectives. Lines of responsibility and delegation of authority are documented.

The Group and the individual companies comprising it have implemented control procedures designed to ensure complete and accurate accounting for financial transactions and to limit the potential exposure to loss of assets or fraud. Measures taken include physical controls, segregation of duties and reviews by management, internal audit and the external auditors.

Corporate governance - Statement of compliance - continued

Risk identification

Group management is responsible together with each of the subsidiary companies' management, for the identification and evaluation of key risks applicable to their areas of business. These risks are assessed on a continual basis and may be associated with a variety of internal or external sources including control breakdowns, disruption in information systems, competition, natural catastrophe and regulatory requirements.

Information and communication

Group companies participate in periodic strategic reviews which include consideration of long-term financial projections and the evaluation of business alternatives.

Monitoring and corrective action

There are clear and consistent procedures in place for monitoring the system of internal financial controls. The Audit Committee meets regularly during the year and, within its terms of reference as approved by the Malta Financial Services Authority, reviews the effectiveness of the Group's systems of internal financial controls. The Committee receives reports from management, internal audit and the external auditors.

E. General meetings

Shareholders' influence is exercised at the Annual General Meeting (AGM), which is the highest decision-making body of the Company. All shareholders, registered in the Shareholders' Register, have the right to participate in the Meeting and to vote for the full number of their respective shares. A shareholder who cannot participate in the Meeting can be represented by proxy.

Business at the Company's AGM will cover the Annual Financial Report and Financial Statements, the declaration of dividends, election of Directors and the approval of their remuneration, the appointment of the auditors and the authorisation of the Directors to set the auditors' fees. Shareholders' meetings are called with sufficient notice to enable the use of proxies to attend, vote or abstain. The Company clearly recognises the importance of maintaining a regular dialogue with its shareholders in order to ensure that its strategies and performance are understood. It communicates with the shareholders through the AGM by way of the Annual Financial Report and Financial Statements and by publishing its results on a regular basis during the year. This is done through the Investor Relations Section on the Company's internet site, the office of the Company Secretary, and Company announcements to the market in general. A free-phone service is reserved for communication by shareholders with the Company. Regular meetings are held with financial intermediaries and stockbrokers.

Remuneration report

The Remuneration Committee is responsible to draw up a Remuneration Policy and submit it for the Board's consideration. In determining such policy, the Committee takes into account all factors which it deems necessary, including the position of the Group companies relative to other companies in the marketplace. The objective of such policy shall be to ensure that Directors and Chief Officers are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Group Companies. The remuneration policy is applicable for a maximum period of four years and has been approved by the shareholders at the Annual General Meeting held on 28 July 2020 with 76,626,100 votes in favour and 22,760 votes against. This remuneration policy approved on 28 July 2020 is in line with the policy applied for the remuneration paid to Directors and Chief Executive Officer in the preceding period. All remuneration for directors was in conformity with this policy.

Role of the Remuneration Committee and Shareholder Involvement

The Committee is composed of three (3) non-executive Directors. During 2021, the Remuneration Committee was composed of Paul Testaferrata Moroni Viani and Paul Fenech and Samir Saied (who resigned from Chairman on 13 October 2021), all of whom are non-executive Directors of the Company. The Chief Executive Officer (CEO) of the Company is invited to attend the meetings of the Committee. The Company Secretary, Dr. Francis Galea Salomone acts as Secretary to the Remuneration Committee. During the period under review the Committee held three meetings. All Committee members attended the meetings held.

During 2021, the Remuneration Committee (the 'Committee') has been tasked to draw up the Remuneration Policy and submit it for the Board's consideration. This Remuneration Policy sets out the elements underpinning GO's policy for the remuneration of its Board of Directors. This Policy is focused on delivering fair, responsible and transparent remuneration that would contribute to the achievement of the Company's long-term interests, sustainability and strategic objectives and that would support GO in maintaining its status as a leading player in the Maltese telecoms sector.

The Remuneration Policy has been prepared in accordance with the requirements of the EU Shareholder Rights Directive as reflected in Chapter 12 of the Capital Markets Rules issued by the Malta Financial Services Authority. This Policy has been considered and approved by the Company's Board of Directors and by the Company's shareholders at the last Annual General Meeting. The approved policy can be viewed on the company's website.

The Remuneration Committee, shall, from time to time review the Policy to ensure its continued alignment with the Company's business strategy. The Board of Directors shall submit the Company's remuneration policy before the Company's General Meeting for its approval every four (4) years, or earlier, in the case material amendments are effected thereto.

It is the opinion of the Company's Board of Directors that there is no risk of a conflicting interest in the drawing up of this Policy as it is being submitted before the Company's General Meeting for its consideration and approval. Furthermore, the aggregate emoluments payable to the Board of Directors in any one financial year are also determined by the General Meeting of Shareholders.

Underlying Framework

The Policy is based on the principle of paying fair and reasonable remuneration to the most appropriate persons, based on criteria of responsibility, qualification and dedication, while ensuring that such payment is competitive and in the longer-term interest of the Company. GO believes that pursuant to this Policy, it can continue attracting and retaining professional and qualified persons to achieve its operational objectives and business strategies in an increasingly competitive environment. It is in the Company's interest, for its continued success, to ensure that such persons are provided with appropriate incentives that would motivate them and encourage their performance.

Remuneration report - continued

In drawing up this Policy, the Remuneration Committee considered local and international best market practices for entities of comparable size, activity and complexity as well as applicable statutory provisions.

Whilst decisions on remuneration of employees other than the Company's Senior Management remain the responsibility of Company management, the Committee has considered the Company's wider employee remuneration structure, practices and reward philosophy when establishing this Policy so as to ensure consistency of remuneration practices across the Company.

Directors

The Company's Board of Directors is composed entirely of Non-Executive Directors. The Chief Executive Officer ("CEO") is tasked with the Company's day-to-day management. In accordance with Capital Markets Rule 12.2A, this Remuneration Policy shall also apply to the Company's CEO. Whilst the principles underlying the Policy have equal application, a distinction is to be drawn between the remuneration payable to the Directors and that payable to the CEO.

Director's Remuneration

Directors are appointed to the Board in accordance with Article 57 of the Company's Articles of Association. The Chairman is appointed for a period as determined by the appointing shareholder. Directors appointed by Shareholders holding not less than twelve percent (12%) of the issued share capital of the Company shall hold the position for the period determined by the appointing Shareholders, so long as it does not exceed three (3) years. The tenure of the remaining directors who are elected by the Shareholders in General Meeting, extends from one annual general meeting to the next. None of the Directors have a service contract with the Company but four of the directors are employees of the ultimate parent, however there are no specific amounts of their remuneration allocated to their role at GO.

In accordance with Article 65 of the Articles of Association of the Company, the aggregate remuneration of all Directors in any one financial year shall be determined by the Shareholders in General Meeting. The Board of Directors shall be responsible to establish and allocate, from such amount, a fixed fee to each Director which shall be payable on a monthly basis. A benchmarking exercise was conducted and despite the fact that the AGM approved a total amount of €300,000, the Directors' fees as approved by the Board for 2021 were set at €35,000 per annum for each Director. This level was deemed consistent with market practice and conducive to the achievement of the Company's strategic and long term objectives. The Board of Directors has agreed to review the current remuneration to ensure that it is commensurate with the duties and responsibilities of directors.

A Director may be invited to sit on a committee or working group of the Company or to perform other services related to the operations of the Company which fall outside the scope of his/her ordinary duties as a Director. In such a case, and in accordance with Article 66 of the Articles of Association, the Board shall have the discretion to remunerate such Director, in addition to or in substitution of his/her remuneration as Director. A Director may also hold such other office with the Company, in addition to the office of Director, and his/her remuneration therefore shall be determined by the Board from time to time. Directors may be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of Board of Directors or of Board committees or General Meetings, or in connection with the business of the Company. Such expenses shall be reimbursable in accordance with the Company's expenses policy from time to time.

Remuneration report - continued

For the duration of their directorship, Directors shall be entitled to benefit from certain benefits such as a telecommunications services package and coverage under a professional indemnity insurance. The Remuneration Committee is tasked with the periodical review of non-cash benefits granted by the Company to Directors such as to ensure that this component of remuneration remains competitive with respect to market benchmarks. The Committee has the discretion to recommend the granting of reasonable additional benefits as may be deemed appropriate, but none were granted during the current year.

Non-Executive Directors are not entitled to any payments linked to termination of their directorships. Article 70.3 of the Articles of Association of the Company allows for the payment of a gratuity, pension or allowance to Executive Director on retirement. At present all Directors to the Board are Non-Executive.

Directors Emoluments

The total emoluments received by Directors from the Company for the financial year ended 31 December 2021 and 2020 are specified below:

	2021		2020	
Director	**Gross fixed remuneration**	**Net of tax deducted at source received**	**Gross fixed remuneration**	**Net of tax deducted at source received**
Mr Sofiane Antar	**€35,000**	**€23,590**	€35,000	€23,590
Mr Lassaad Ben Dhiab	**€35,000**	**€23,590**	€35,000	€23,590
Mr Paul Fenech	**€35,000**	**€29,756**	€35,000	€29,756
Mr Faker Hnid	**€35,000**	**€23,590**	€35,000	€15,384
Mr Deepak Srinivas Padmanabhan	**€35,000**	**€22,760**	€35,000	€22,760
Mr Norbert Prihoda (*)	**€35,000**	**€23,543**	€31,455	€21,286
Mr Paul Testaferrata Moroni Viani	**€35,000**	**€22,750**	€35,000	€22,750
Mr Samir Said (*)	**€27,327**	**€ 22,750**	€22,167	€15,248
Mr Mohamed Fadhel Kraiem (*)	-	-	€5,833	-

(*) :

- Mr Norbert Prihoda was appointed 6 February 2020.
- Mr Samir Said resigned on 11 October 2021.
- Mr Mohamed Fadhel Kraiem resigned on 28 February 2020.

Remuneration report - continued

Mr Hnid also received gross directorship from two Group companies amounting to €45,557 (2020: €15,384) or €29,700 (2020: €10,000) net of tax deducted at source.

Mr Padmanabhan also received gross directorship fees from one Group company amounting to €12,000 (2020: €Nil) or €7,800 (2020: €Nil) net of tax deducted at source.

Mr Said also received gross directorship fees remuneration from one Group company amounting to €15,615 (2020: €6,667) or €10,010 (2020: €4,333) net of tax.

Mr Testaferrata Moroni Viani also received gross directorship fees from one Group company amounting to €20,000 (2020: €6,667) or €13,000 (2020: €4,343) net of tax deducted at source. During 2020, Mr Testaferrata Moroni Viani got refunded other expenses amounting to €3,767 (2021 €Nil).

Other benefits to the Directors exclude reimbursement of mobile and internet services, which are considered standard and uniformly granted within the sector.

CEO's Remuneration

The Remuneration Policy with respect to the Company's Chief Executive Officer is designed to attract and motivate a qualified and professional individual possessing the necessary know-how and experience to steer the Company's short and long-term business strategy in a highly competitive market and structured to provide a fair and appropriate balance between the fixed and variable components of the remuneration awarded.

In determining the policy, the Company has taken account of the CEO's role within the Company, his assigned functions and responsibilities. Relevant market data has been considered to ascertain that compensation awarded is in line with that granted by companies of comparable size for roles of similar scope and responsibility. Remuneration structure and practices applicable to other senior executives within the Company have also been taken into account.

The CEO's remuneration is made up of fixed and variable elements as described below.

The CEO shall receive a fixed salary which corresponds to a basic remuneration received for the performance of his executive functions. This component is designed to reflect the individual's professional profile and level of responsibility and shall not, in any way, be linked to variable parameters or results achieved. The fixed element, emanating from the contract of employment, is determined by reference to market practice amongst other factors, and is set at a level that motivates the CEO in striving to attain company long-term strategic and performance objectives. Furthermore, the Company does not have the possibility to reclaim any variable remuneration. The level of variable remuneration is deemed set at a level that contributes to striving towards attaining the Group's long-term performance goals. The level of variable remuneration is set in a manner which maintains an adequate proportion of fixed and variable remuneration.

The CEO shall also be entitled to benefit under an annual bonus scheme aimed at rewarding his performance. The incentive is measured according to the level of achievement of a set of targets as described below, and objectives as determined by the Remuneration Committee on an annual basis, and which are designed to contribute to the business interest and sustainability of the Company.

The nature of the performance targets may vary from year to year depending on the circumstances of the Company's business operations. For 2021, the performance targets were based on EBITDA and operating cashflow generation.

Remuneration report - continued

The degree of achievement of the said targets shall be determined by the Remuneration Committee. In the case of financial objectives, the Remuneration Committee shall compare the target objectives with realised outcomes. In the case of non-financial objectives, the evaluation would involve the Committee's subjective assessment of the CEO's performance which shall be exercised in a reasonable manner.

Save for the annual bonus incentive described above, the CEO shall not be entitled to benefit under any other incentive scheme having a variable nature and shall not be entitled to any share-based remuneration. With the aim of offering a market-competitive remuneration package, the CEO shall be entitled to a number of benefits as would typically be available to senior executives. These shall include professional indemnity insurance policy and health insurance policy cover, free telecommunication services, accommodation and flights, and a fully covered company car. The CEO shall also be entitled to claim reimbursement of expenses incurred up to a capped monthly amount of €3,500 in accordance with the Company's expenses policy.

The CEO is engaged on a three-year contract which was signed in 2021, which may be terminated by three (3) months' notice by either party. The contract does not provide for supplementary pension, early retirement schemes or payments linked to termination.

The total emoluments received by the CEO for this financial year were €350,448 (2020: €350,335) as fixed remuneration and €269,278 (2020: €132,266) as variable remuneration. Mr Patil was reimbursed expenses amounting to €31,676 (2020: €23,500).

Senior Management Remuneration

For the purposes of this Remuneration Statement, references to Senior Management shall mean the Chief Executive Officer and the Chief Officers.

The base salaries of all Senior Management are established in accordance with the Company's salary structure. The Remuneration Committee is satisfied that in all cases the base remuneration established is in line with the criteria described in the introduction to this report. In particular, in reaching this conclusion, the Committee has paid due regard to market conditions and remuneration rates offered by comparable organisations for comparable roles and to the established performance-related remuneration and evaluation system.

Members of the Senior Management are each entitled to a cash performance bonus. In addition, the Board of Directors may approve additional bonuses for outstanding performances and achievements. Performance is measured on the basis of appraisals drawn up or endorsed by the CEO. These bonuses constitute the variable remuneration disclosed in the table below.

The rate at which the bonus is paid depends on the Committee's evaluation of the CEO's assessment of the individual officer's performance. Bonuses are calculated on the basis of personal performance, and departmental and Company objectives. Total amounts are subject to the discretion of the Remuneration Committee and the Board of Directors.

The Company does not have a policy in place which regulates the terms and conditions of contracts of Senior Management with respect to contract duration, notice periods, termination payments and related matters.

As is the case with Directors, Senior Management are entitled to non-cash benefits in terms of a number of services offered by the Company and to health insurance. None of the Senior Management are entitled to profit sharing, share options or pension benefits.

Remuneration report - continued

In terms of the Code Provisions 8.A.5, total emoluments received by Senior Management during the year under review were €1,168,477 (2020: €1,310,462) as fixed remuneration and €688,031 (2020: €324,498) as variable remuneration.

During the financial year ended 31 December 2020, the Company has recognised a charge totalling €478,000 payable to two of its Chief Officers whose employment was terminated.

F. Other information on remuneration in terms of Appendix 12.1 of the Capital Markets Rules

In terms of the requirements within Appendix 12.1 of the Capital Market Rules, the following table presents the annual change of remuneration, of the company's performance, and of average remuneration on a full-time equivalent basis of the company's employees (other than directors) over the two most recent financial years. The Company's Directors, which are all non-executive Directors, have been excluded from the table below since they have a fixed fee as described in Section B above.

	2021 €'000	2020 €'000	Change %
CEO remuneration	**658**	506	30.0
Employee remuneration (excluding CEO)	**23,936**	24,150	(0.9)
Annual aggregate employee remuneration	**24,556**	24,632	(0.3)
Average employee remuneration (excluding CEO) - full-time equivalent	**32**	30	4.9
Average number of employees	**748**	792	
Company performance – EBITDA	**47,883**	45,212	5.9
Company operating cash flow generated	**46,220**	39,668	8.1
Group performance – EBITDA	**73,212**	72,129	1.5
Group operating cash flow generated	**67,843**	63,665	6.6

The Group and the Company's performance is measured using EBITDA and operating cashflow generated as management has determined that EBITDA is the best measure of direct performance.

Company information

Our purpose

GO is Malta's leading telecommunications services organisation, with over 500,000 customer connections. The first quadruple play operator in the market, GO is a converged and integrated telecommunications group, offering an unparalleled range of services: fixed line telephony, mobile telephony, broadband internet services and digital television. GO also provides business-related services, such as data networking solutions, business IP services, cloud services, IPLCs, managed and co-location facilities. Our purpose is **'to drive a digital Malta where no-one is left behind'.**

Company registration number: C22334

Registered office:
GO, Fra Diegu Street
Marsa MRS1501
Malta

T: (+356) 2594 2458/9, (+356) 8007 5702 (Freephone) | investor_relations@go.com.mt | www.go.com.mt

Registered shareholders with five percent (5%) or more of the Share Capital of the Company:
As at 31 December 2021, TT ML Limited held 65.42% of the total issued share capital.

Board of Directors
Sofiane Antar
Lassaad Ben Dhiab
Paul Fenech
Faker Hnid
Deepak Padmanabhan
Norbert Prihoda
Paul Testaferrata Moroni Viani
Samir Saied (resigned 13 October 2021)

Company Secretary
Dr Francis Galea Salomone

Chief Officers

Nikhil Patil	Chief Executive Officer
Reuben Attard	Chief Finance Officer
Arthur Azzopardi	Chief Officer – GO Business
Kelvin Camenzuli	Chief Digital Officer
Ayrton Caruana	Chief Service Operations Officer
Antonio Ivankovic	Chief Customer Experience Officer
Sarah Mifsud	Chief People Officer

Statements of financial position

		Group		Company	
		As at 31 December			
	Notes	**2021 €000**	2020 €000	**2021 €000**	2020 €000
ASSETS					
Non-current assets					
Property, plant and equipment	5	**163,808**	161,727	**111,433**	112,393
Right-of-use assets	6	**32,694**	45,633	**26,405**	38,929
Intangible assets	7	**71,031**	62,294	**13,503**	5,531
Investments in subsidiaries	8	**-**	-	**51,587**	50,877
Investments in associates	9	**2,188**	2,188	**-**	-
Other investments	12	**974**	406	**-**	-
Deferred tax assets	13	**714**	184	**-**	-
Trade and other receivables	15	**11,270**	5,760	**6,567**	5,946
Total non-current assets		**282,679**	278,192	**209,495**	213,676
Current assets					
Inventories	14	**8,472**	6,300	**7,957**	5,871
Trade and other receivables	15	**36,443**	39,327	**30,151**	25,835
Current tax assets		**1,109**	516	**1,102**	516
Cash and cash equivalents	16	**39,928**	33,032	**29,500**	14,613
Total current assets		**85,952**	79,175	**68,710**	46,835
Total assets		**368,631**	357,367	**278,205**	260,511

Statements of financial position - continued

		Group		Company	
		As at 31 December			
	Notes	**2021 €000**	2020 €000	**2021 €000**	2020 €000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	17	**58,998**	58,998	**58,998**	58,998
Reserves	18	**36,072**	36,564	**4,065**	4,043
Retained earnings		**4,189**	17,578	**47,484**	57,169
Total capital and reserves attributable to owners of the Company		**99,259**	113,140	**110,547**	120,210
Non-controlling interests		**10,638**	13,221	**-**	-
Total equity		**109,897**	126,361	**110,547**	120,210
LIABILITIES					
Non-current liabilities					
Borrowings	19	**121,688**	91,503	**78,816**	48,640
Lease liabilities	20	**28,441**	40,563	**23,199**	34,983
Deferred tax liabilities	13	**5,176**	4,194	**3,936**	2,796
Provisions for pensions	21	**1,524**	1,862	**1,524**	1,862
Trade and other payables	22	**13,759**	10,343	**521**	602
Total non-current liabilities		**170,588**	148,465	**107,996**	88,883
Current liabilities					
Borrowings	19	**6,018**	10,355	**5,541**	9,790
Lease liabilities	20	**5,506**	6,272	**4,222**	4,946
Provisions for pensions	21	**2,925**	3,308	**2,925**	3,308
Trade and other payables	22	**73,459**	62,163	**46,974**	33,374
Current tax liabilities		**238**	443	**-**	-
Total current liabilities		**88,146**	82,541	**59,662**	51,418
Total liabilities		**258,734**	231,006	**167,658**	140,301
Total equity and liabilities		**368,631**	357,367	**278,205**	260,511

The accompanying notes are an integral part of these financial statements

The financial statements on pages 37 to 140 were approved and authorised for issue by the Board of Directors on 30 March 2022. The financial statements were signed on behalf of the Company's Board of Directors by Paul Testaferrata Moroni Viani and Paul Fenech as per the Directors' Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual Financial Report 2021.

Income statements

	Notes	Group		Company	
		Year ended 31 December			
		2021 €000	2020 €000	**2021 €000**	2020 €000
Revenue	23	**193,666**	185,173	**117,688**	116,815
Cost of sales	24	**(120,481)**	(117,734)	**(68,776)**	(69,805)
Gross profit		**73,185**	67,439	**48,912**	47,010
Administrative and other related expenses	24	**(50,738)**	(47,267)	**(31,465)**	(31,652)
Other income	27	**1,640**	1,257	**1,564**	1,223
Other expenses	28	**(581)**	(105)	**(6)**	(135)
Operating profit		**23,506**	21,324	**19,005**	16,446
Analysed as follows:					
EBITDA		**73,212**	72,129	**47,883**	45,212
Depreciation and amortisation	24	**(49,706)**	(50,805)	**(28,878)**	(28,766)
Operating profit		**23,506**	21,324	**19,005**	16,446
Gain on disposal of other investment	10	**-**	3,102	**-**	3,102
Finance income	29	**377**	391	**5,004**	4,185
Finance costs	30	**(6,007)**	(3,889)	**(3,736)**	(2,466)
Profit before tax		**17,876**	20,928	**20,273**	21,267
Tax expense	31	**(7,435)**	(6,867)	**(6,656)**	(5,597)
Profit for the year		**10,441**	14,061	**13,617**	15,670
Attributable to:					
Owners of the Company		**9,913**	13,297	**13,617**	15,670
Non-controlling interests		**528**	764	**-**	-
Profit for the year		**10,441**	14,061	**13,617**	15,670
Earnings per share (euro cent)	32	**9c8**	13c3		

The accompanying notes are an integral part of these financial statements.

Statements of comprehensive income

		Group		Company	
		Year ended 31 December			
	Notes	**2021 €000**	2020 €000	**2021 €000**	2020 €000
Comprehensive income					
Profit for the year		**10,441**	14,061	**13,617**	15,670
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Remeasurements of defined benefit obligations	21	**34**	(82)	**34**	(82)
Income tax relating to components of other comprehensive income:					
Remeasurements of defined benefit obligations	13	**(12)**	29	**(12)**	29
Total other comprehensive income for the year, net of tax		**22**	(53)	**22**	(53)
Total comprehensive income for the year		**10,463**	14,008	**13,639**	15,617

The accompanying notes are an integral part of these financial statements.

Statements of changes in equity

Group

	Notes	Share capital €000	Reserves €000	Retained earnings €000	Total €000	Non-controlling interests €000	Total equity €000
		Attributable to owners of the Company					
Balance at 1 January 2020		58,998	37,544	13,853	110,395	15,175	125,570
Comprehensive income							
Profit for the year		-	-	13,297	13,297	764	14,061
Other comprehensive income:							
Remeasurements of defined benefit obligations, net of deferred tax	13, 21	-	(53)	-	(53)	-	(53)
Transfer upon realisation through disposal of other investment	10, 21	-	(643)	643	-	-	-
Total other comprehensive income		-	(696)	643	(53)	-	(53)
Total comprehensive income		-	(696)	13,940	13,244	764	14,008
Transactions with owners in their capacity as owners							
Distributions to owners:							
Dividends paid to equity holders	33	-	-	(10,131)	(10,131)	(2,151)	(12,282)
Deemed distribution by subsidiary	13	-	-	(84)	(84)	(51)	(135)
Changes in ownership interest that do not result in loss of control:							
Acquisition of non-controlling interests in subsidiary	8	-	(284)	-	(284)	(516)	(800)
Total transactions with owners in their capacity as owners		-	(284)	(10,215)	(10,499)	(2,718)	(13,217)
Balance at 31 December 2020		58,998	36,564	17,578	113,140	13,221	126,361

Statements of changes in equity - continued

Group - continued

	Notes	Attributable to owners of the Company					
		Share capital	Reserves	Retained earnings	Total	Non-controlling interests	Total equity
		€000	€000	€000	€000	€000	€000
Balance at 1 January 2021		58,998	36,564	17,578	113,140	13,221	126,361
Comprehensive income							
Profit for the year		-	-	9,913	9,913	528	10,441
Other comprehensive income:							
Remeasurements of defined benefit obligations, net of deferred tax	13, 21	-	22	-	22	-	22
Total other comprehensive income		-	22	-	22	-	22
Total comprehensive income		-	22	9,913	9,935	528	10,463
Transactions with owners in their capacity as owners							
Distributions to owners:							
Dividends paid to equity holders relating to preceding financial year	33	-	-	(16,210)	(16,210)	(2,915)	(19,125)
Dividends paid to equity holders relating to current financial year	33	-	-	(7,092)	(7,092)	-	(7,092)
Changes in ownership interest that do not result in loss of control:							
Acquisition of non-controlling interests in subsidiary	8	-	(514)	-	(514)	(196)	(710)
Total transactions with owners in their capacity as owners		-	(514)	(23,302)	(23,816)	(3,111)	(26,927)
Balance at 31 December 2021		**58,998**	**36,072**	**4,189**	**99,259**	**10,638**	**109,897**

Statements of changes in equity - continued

Company

	Notes	Share capital €000	Reserves €000	Retained earnings €000	Total €000
Balance at 1 January 2020		58,998	4,096	51,630	114,724
Comprehensive income					
Profit for the year		-	-	15,670	15,670
Other comprehensive income:					
Remeasurements of defined benefit obligations, net of deferred tax	13, 21	-	(53)	-	(53)
Total other comprehensive income		-	(53)	-	(53)
Total comprehensive income		-	(53)	15,670	15,617
Transactions with owners in their capacity as owners					
Distributions to owners:					
Dividends paid to equity holders	33	-	-	(10,131)	(10,131)
Total transactions with owners in their capacity as owners		-	-	(10,131)	(10,131)
Balance at 31 December 2020		58,998	4,043	57,169	120,210

Statements of changes in equity - continued

Company - continued

	Notes	Share capital €000	Reserves €000	Retained earnings €000	Total €000
Balance at 1 January 2021		58,998	4,043	57,169	120,210
Comprehensive income					
Profit for the year		-	-	13,617	13,617
Other comprehensive income:					
Remeasurements of defined benefit obligations, net of deferred tax	13, 21	-	22	-	22
Total other comprehensive income		-	22	-	22
Total comprehensive income		-	22	13,617	13,639
Transactions with owners in their capacity as owners					
Distributions to owners:					
Dividends paid to equity holders for the preceding financial year	33	-	-	(16,210)	(16,210)
Dividends paid to equity holders for the current financial year	33	-	-	(7,092)	(7,092)
Total transactions with owners in their capacity as owners		-	-	(23,302)	(23,302)
Balance at 31 December 2021		**58,998**	**4,065**	**47,484**	**110,547**

The accompanying notes are an integral part of these financial statements.

Statements of cash flows

		Group		Company	
		Year ended 31 December			
	Notes	**2021 €000**	2020 €000	**2021 €000**	2020 €000
Cash flows from operating activities					
Cash generated from operations	34	**77,077**	74,051	**54,970**	46,825
Interest paid on bank overdrafts		**(11)**	(35)	**(11)**	(35)
Interest charges on lease liabilities		**(1,272)**	(1,458)	**(1,080)**	(1,246)
Tax paid		**(6,629)**	(4,398)	**(6,337)**	(1,381)
Payments under voluntary retirement scheme		**(1,242)**	(4,415)	**(1,242)**	(4,415)
Payments in relation to pension obligations		**(80)**	(80)	**(80)**	(80)
Net cash from operating activities		**67,843**	63,665	**46,220**	39,668
Cash flows from investing activities					
Payments to acquire property, plant and equipment and intangible assets		**(49,187)**	(57,572)	**(30,396)**	(34,451)
Payment for acquisition of non-controlling stake in subsidiary		**(710)**	(800)	**(710)**	(800)
Payment for acquisition of interests in associates		**-**	(2,182)	**-**	-
Payment for acquisition of other investments		**(568)**	(406)	**-**	-
Proceeds from disposal of other investment		**-**	3,235	**-**	3,235
Loans advanced to subsidiary		**-**	-	**-**	(2,451)
Loan interest received from subsidiary		**-**	-	**-**	403
Loan repayments by subsidiary		**-**	-	**-**	7,000
Dividend received from subsidiary		**-**	-	**3,034**	2,239
Net cash used in investing activities		**(50,465)**	(57,725)	**(28,072)**	(24,825)
Cash flows from financing activities					
Proceeds from bank loans		**12,000**	16,600	**12,000**	13,000
Repayment of bank loans		**(45,610)**	(20,033)	**(45,610)**	(5,531)
Proceeds from bond issue, net of issue costs		**59,172**	39,336	**59,172**	-
Principal element of lease payments		**(5,744)**	(5,231)	**(4,412)**	(3,885)
Dividends paid		**(24,769)**	(12,220)	**(23,282)**	(10,075)
Loan interest paid		**(1,369)**	(1,242)	**(1,369)**	(1,242)
Net cash (used in)/from financing activities		**(6,320)**	17,210	**(3,501)**	(7,733)
Net movements in cash and cash equivalents		**11,058**	23,150	**14,647**	7,110
Cash and cash equivalents at beginning of year		**25,169**	8,681	**14,117**	6,867
Exchange differences on cash and cash Equivalents		**16**	(17)	**16**	(17)
Movement in cash pledged as guarantees		**(2,161)**	(6,645)	**(125)**	157
Cash and cash equivalents at end of year	16	**34,082**	25,169	**28,655**	14,117

The accompanying notes are an integral part of these financial statements.

Notes to the financial statements

1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of preparation

The consolidated financial statements include the financial statements of GO p.l.c. (GO) and its subsidiaries and are prepared in accordance with the requirements of International Financial Reporting Standards (IFRSs) as adopted by the EU and with the requirements of the Maltese Companies Act (Cap. 386). They have been prepared under the historical cost convention, except as modified by the fair valuation of certain financial instruments and the land and buildings class within property, plant and equipment. Unless otherwise stated, all financial information presented has been rounded to the nearest thousand.

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires Directors to exercise their judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 3.

Financial position of the Group and the Group's cash flow forecasting process

As at 31 December 2021, the Group's current liabilities exceeded its current assets by €2.194 million (2020: €3.366 million). The Group envisages that a significant level of earnings will be generated throughout the forthcoming financial year, through its cash generating units, which will enable the Group to manage effectively its forecasted cash flows and liquidity needs. Furthermore, the Group has unutilised banking facilities which are considered in the context of the Group's liquidity management programme. These factors are embedded within the Group's cash flow forecasts.

The Group monitors the direct and indirect impacts of the COVID-19 pandemic and the conflict with Ukraine on its cash flow forecasting process, with a view to assessing on a regular basis the potential effects on its business model and cash flow generation attributable to the different cash generating units. Up to the date of authorisation for issue of these financial statements, the impacts are considered to be minimal. As events unfold and conditions develop, the Group will adapt its assessment and cash flow forecasts accordingly.

Standards, interpretations and amendments to published standards effective in 2021

In 2021, the Group adopted amendments to existing standards that are mandatory for the Group's accounting period beginning on 1 January 2021. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in changes to the Group's accounting policies impacting the financial performance and position.

Standards, interpretations and amendments to published standards that are not yet adopted

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are mandatory for the Group's accounting periods beginning after 1 January 2021. The Group has not early adopted these revisions to the requirements of IFRSs as adopted by the EU and the Directors are of the opinion that there are no requirements that will have a possible significant impact on the Group's and Company's financial statements in the period of initial application.

1. Summary of significant accounting policies - continued

1.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where, for instance the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group applies the acquisition method of accounting to account for business combinations that fall within the scope of IFRS 3. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed (identifiable net assets) in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Goodwill is initially measured as the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If this is less than the fair value of the identifiable net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Upon consolidation, inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries are changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiaries are accounted for by the cost method of accounting, i.e. at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes directly attributable costs of acquiring the investment. Provisions are recorded where, in the opinion of the Directors, there is an impairment in value. Where there has been an impairment in the value of an investment, it is recognised as an expense in the period in which the diminution is identified. The results of subsidiaries are reflected in the Company's separate financial statements only to the extent of dividends receivable. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

(b) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests, where the acquisition or disposal of partial interests in a subsidiary has no impact on the Group's ability to control the subsidiary's financial and operating policies, as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of the identifiable net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

1. **Summary of significant accounting policies** - continued

1.2 **Consolidation** - continued

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(d) Joint ventures

Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. Joint ventures are accounted for using the equity method in the consolidated financial statements. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group’s share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group’s share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group’s net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group’s interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company’s separate financial statements, investments in joint ventures are accounted for by the cost method of accounting, i.e. at cost less impairment. Provisions are recorded where, in the opinion of the Directors, there is impairment in value. Where there has been impairment in the value of an investment, it is recognised as an expense in the period in which the diminution is identified. The results of the joint venture are reflected in the Company’s separate financial statements only to the extent of dividends receivable. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss

(e) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting in the consolidated financial statements. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor’s share of the profit or loss of the investee after the date of acquisition. The Group’s investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group’s share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment.

1. Summary of significant accounting policies - continued

1.2 Consolidation - continued

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of associates' in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the income statement.

In the Company's separate financial statements, investments in associates are accounted for by the cost method of accounting, i.e. at cost less impairment. Provisions are recorded where, in the opinion of the Directors, there is impairment in value. Where there has been impairment in the value of an investment, it is recognised as an expense in the period in which the diminution is identified. The results of the associate are reflected in the Company's separate financial statements only to the extent of dividends receivable. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

(f) Business combinations involving entities under common control

Business combinations involving entities under common control are transactions in which all of the combining entities are controlled by the same party or parties before and after the transaction and that control is not transitory. The key feature of a transaction among entities under common control is that there is no change in the ultimate control of the combining entities as a result of the transaction. Control could be exercised by a group of individuals that are all part of the same close family group when they have the collective power to govern the financial and operating policies of the entity.

The Company has chosen to apply the pooling of interests method or predecessor accounting to account for transactions involving entities under common control. The Company accounts for business combinations involving entities under common control by recording:

(i) the transaction as if it had already taken place at the beginning of the earliest period presented;
(ii) the assets and liabilities of the acquired entity using predecessor book values from the consolidated financial statements of the controlling party; and
(iii) the difference between the consideration given and the aggregate book value of the assets and liabilities of the acquired entity as an adjustment to equity.

When the controlling party does not prepare financial statements, the book values from the financial statements of the acquired entity are used.

1. Summary of significant accounting policies - continued

1.3 Segment reporting

The Group determines and presents operating segments based on the information that internally is provided to the Board of Directors, which is the Group's chief operating decision-maker in accordance with the requirements of IFRS 8, *Operating Segments*.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. An operating segment's operating results are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segment and to assess its performance executing the function of the chief operating decision-maker.

1.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in euro, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. All foreign exchange gains and losses are presented in the income statement within 'other income' or 'other expenses'.

1.5 Property, plant and equipment

All property, plant and equipment is initially recorded at historical cost. Land and buildings comprise various exchanges, offices and outlets around the Maltese islands. Land and buildings are shown at fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Valuations are carried out on a regular basis such that the carrying amount of property does not differ materially from that which would be determined using fair values at the end of the reporting period. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

All other property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Borrowing costs which are incurred for the purpose of acquiring or constructing a qualifying asset are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway. Capitalisation of borrowing costs is ceased once the asset is substantially complete, and is suspended if the development of the asset is suspended.

1. Summary of significant accounting policies - continued

1.5 Property, plant and equipment - continued

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Costs related to customer premises equipment (set-top boxes and modems) and TV installations provided for free to subscribers are capitalised within property, plant and equipment.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as a revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same individual asset are charged in other comprehensive income and debited against the revaluation reserve directly in equity; all other decreases are charged to profit or loss. Any subsequent increases are recognised in profit or loss up to the amount previously charged to profit or loss, and then reflected in other comprehensive income and shown as a revaluation reserve.

An external, independent valuer, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's property portfolio at periodical intervals. The fair values are based on market values, being the estimated amount or price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risk inherent in the net cash flows is then applied to the net annual cash flows to arrive at the property valuation.

Land is not depreciated as it is deemed to have an indefinite life. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful life. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The rates of depreciation used for the current and comparative periods are as follows:

	%
Land and buildings	
Buildings	1 - 3
Improvements to leasehold premises	7.14 - 10
Plant and equipment	
Cable, wireless and mobile networks	4 - 33.33
Subscribers' equipment and line	8 - 20
Exchange and junction equipment	8.33 - 20
Radio plant and equipment	10 - 20
Other plant, machinery and equipment	7 - 30
Office furniture and equipment	10 - 25
Air conditioning equipment	10 - 20
Earth station	6.7 - 7
Computer equipment	20 - 33.33
DTTV platform	10 - 50
Customer premises equipment and related assets	25 - 50
Motor vehicles	20 - 35

1. Summary of significant accounting policies - continued

1.5 Property, plant and equipment - continued

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1.7). Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount and are recognised in profit or loss.

When revalued assets are sold, the amounts included in the revaluation reserve relating to the asset are transferred to retained earnings.

1.6 Intangible assets

(a) Indefeasible rights of use

Indefeasible rights of use (IRUs) and Droit de Passage (DDPs) correspond to the right to use a portion of the capacity of a terrestrial or submarine transmission cable granted for a fixed period. IRUs are recognised as an asset when the Group has the specific indefeasible right to use an identified portion of the underlying asset, generally optic fibres, or dedicated wavelength bandwidth, and the duration of the right is for the major part of the underlying asset's economic life. They are depreciated over the shorter of the expected period of use and the life of the contract.

(b) Computer software

The Group's computer software comprises software developed by Group entities and software acquired by Group entities. Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives.

1. Summary of significant accounting policies - continued

1.6 Intangible assets - continued

(c) Goodwill

Goodwill represents the excess of the consideration transferred over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'.

Goodwill that is recognised separately within 'intangible assets' is carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units (CGUs) or groups of CGUs that are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and also whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit. The recoverable amount is the higher of fair value less costs to sell and value in use. Impairment losses on goodwill are not reversed.

(d) Licences

Separately acquired licences are shown at historical cost. Licences acquired in a business combination are recognised at fair value at the acquisition date. Licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of licences over their estimated useful lives. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives.

(e) Brand names

Brand names acquired in a business combination are recognised at fair value at the acquisition date. These assets have a finite useful life and are carried at cost less accumulated amortisation, which amortisation is calculated using the straight-line method over the expected life of the brand. The fair value of the brand names acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the trademark being owned.

(f) Customer relationships

Contractual customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relations have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the customer relationship. The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows.

1. Summary of significant accounting policies - continued

1.6 Intangible assets - continued

(g) Broadcasting rights

Broadcasting rights represent the payments made in relation to acquiring rights to broadcast various television networks or events. Amortisation is calculated using the straight-line method to allocate the cost of these rights over their contractual life. Premium TV content such as film or sports broadcasting rights, are recognised in the statement of financial position when they are contracted and expensed when broadcast. The cost of premium TV content is recognised in profit or loss on the first broadcast, or where the rights are for a period, seasons or competitions, such rights are principally recognised on a straight-line basis across the period, seasons or competitions.

(h) Technical knowledge

Technical knowledge acquired or developed to a plan or design for the production of new or substantially improved products and processes is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Capitalised expenditure on technical knowledge is stated at cost less accumulated amortisation and accumulated impairment losses.

(i) Other intangible assets

Other intangibles include the customer bases acquired by the Group. They have finite useful lives and are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

Amortisation is calculated using the straight-line method to allocate the cost of the intangible assets to their residual value over their estimated useful lives as follows:

	Years
Indefeasible rights of use (IRUs)	4.75 - 24.75
Computer software	3 - 10
Licences	2 - 15
Leasehold rights on buildings	1.33
Brand names	6 - 10
Customer relationships	5
Technical knowledge	2 -15
Broadcasting rights	over the period of rights

The assets' residual values and useful lives are reviewed and adjusted as appropriate, at the end of each reporting period.

1. Summary of significant accounting policies - continued

1.7 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill or certain intangible assets, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Goodwill that forms part of the carrying amount of an investment in a joint venture is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in a joint venture is tested for impairment as a single asset when there is objective evidence that the investment in a joint venture may be impaired.

1.8 Non-current assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

1.9 Financial assets

Classification

The Group classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through Other Comprehensive Income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or Other Comprehensive Income (OCI). For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

The Group recognises a financial asset in its statement of financial position when it becomes a party to the contractual provisions of the instrument.

Regular way purchases and sales of financial assets are recognised on settlement date, the date on which an asset is delivered to or by the Group. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership or has not retained control of the asset.

1. Summary of significant accounting policies - continued

1.9 Financial assets - continued

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss, subject to materiality.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment losses are presented as a separate line item in the statement of profit or loss.

- FVPL: assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

1. Summary of significant accounting policies - continued

1.9 Financial assets - continued

Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For all other financial assets that are subject to impairment under IFRS 9, the Group applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial asset that is not credit impaired on initial recognition is classified in stage 1.

Financial assets in stage 1, have their expected credit loss measured at an amount equal to the portion of lifetime expected credit loss that results from default events possible within the next 12 months, or until contractual maturity if shorter. If the Group identifies a significant increase in credit risk since initial recognition, the asset is transferred to stage 2 and its expected credit loss is measured on a lifetime basis, that is up until contractual maturity. If the Group determines that a financial asset is credit impaired, the asset is transferred to stage 3 and the expected credit loss is measured on a lifetime credit loss basis.

1.10 Inventories

Goods held for resale and other inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average cost method, and comprises the invoiced value of goods, including transport and handling costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

1.11 Trade and other receivables

Trade receivables comprise amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less expected credit loss allowances.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

1.12 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

1. Summary of significant accounting policies - continued

1.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

1.14 Financial liabilities

The Group recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument. The Group's financial liabilities, other than derivative contracts, are classified as financial liabilities measured at amortised cost, i.e. not at fair value through profit or loss under IFRS 9. Financial liabilities not at fair value through profit or loss are recognised initially at fair value, being the fair value of consideration received, net of transaction costs that are directly attributable to the acquisition or the issue of the financial liability. These liabilities are subsequently measured at amortised cost. The Group derecognises a financial liability from its statement of financial position when the obligation specified in the contract or arrangement is discharged, is cancelled or expires.

1.15 Trade and other payables

Trade payables comprise obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.16 Borrowings

Borrowings are recognised initially at the fair value of proceeds received, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

1.17 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

1. Summary of significant accounting policies - continued

1.18 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

1.19 Provisions for legal and other claims

Provisions for legal and other claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

1. Summary of significant accounting policies - continued

1.20 Revenue recognition

Revenues include all revenues from the ordinary business activities of GO. Ordinary activities do not only refer to the core business but also to other recurring sales of goods or rendering of services. Revenues are recorded net of value added tax. GO's business includes mobile services, broadband access to the fixed network and the internet, television, connection and roaming fees billed to other mobile operators (wholesale business), and sales of mobile handsets, other telecommunications equipment, and accessories.

(a) Sale of goods and services

Revenues are recognised in accordance with the provision of goods or services, provided that collectability of the consideration is probable.

IFRS 15 requires that at contract inception the goods or services promised in a contract with a customer are assessed and each promise to transfer to the customer the good or service is identified as a performance obligation. Promises in a contract can be explicit or implicit if the promises create a valid expectation to provide a good or service based on the customary business practices, published policies, or specific statements.

A contract asset must be recognised if GO recorded revenue for fulfillment of a contractual performance obligation before the customer paid consideration or before – irrespective of when payment is due – the requirements for billing and thus the recognition of a receivable exist.

A contract liability must be recognised when the customer paid consideration or a receivable from the customer was due before GO fulfilled a contractual performance obligation and thus recognised revenue.

Multiple-element arrangements involving the delivery or provision of multiple products or services must be separated into distinct performance obligations, each with its own separate revenue contribution that is recognised as revenue on fulfillment of the obligation to the customer. This especially concerns the sale of a mobile handset or other telecommunications equipment combined with the conclusion of a mobile or fixed-network telecommunications contract. The total transaction price of the bundled contract is allocated among the individual performance obligations based on their relative – possibly estimated – stand-alone selling prices, i.e., based on a ratio of the stand-alone selling price of each separate element to the aggregated stand-alone selling prices of the contractual performance obligations. As a result, the revenue to be recognised for products (often delivered in advance) such as mobile handsets that are sold at a subsidised or nil price in combination with a long-term service contract is higher than the amount billed or collected. This leads to the recognition of a contract asset – a receivable arising from the customer contract that has not yet legally come into existence – in the statement of financial position. The contract asset is reversed and reduced over the remaining minimum contract period, lowering revenue from the other performance obligations (in this case mobile service revenues) compared with the amounts billed. In contrast to the amounts billed, this results in higher revenue from the sale of goods and lower revenue from the provision of services.

Customer activation fees and other advance one-time payments by the customer that do not constitute consideration for a separate performance obligation are classified as contract liabilities and are deferred and recognised as revenue over the minimum contract term or, in exceptional cases (e.g., in the case of contracts that can be terminated at any time) over the expected contract period. The same applies to fees for installation and set-up activities that do not have an independent value for the customer.

1. **Summary of significant accounting policies** - continued

1.20 Revenue recognition - continued

As distinct from promotional offers, options to purchase additional goods or services free of charge or at a discount are separate performance obligations (material rights) for which part of the revenue is deferred as a contract liability until the option is exercised or expires, providing the discount on future purchases is an implicit component of the consideration for the current contract and is also significant. The measure of significance is whether the decision by the (average) customer to enter into the current contract is likely to have been significantly influenced by their right to the future discount.

IFRS 15 provides more detailed guidance on how to account for contract modifications. Changes must be accounted for either as a retrospective change (creating either a catch-up or deferral of previously recorded revenues), prospectively with a reallocation of revenues amongst identified performance obligations, or prospectively as separate contracts which will not require any reallocation.

Service offers

GO proposes to customers a range of fixed and mobile telephone services, fixed and mobile internet access services and content offers (TV). Contracts are for a fixed term (generally 24 months). Revenue generated from the use of voice and data communications (comprising fixed and wireless traffic) as well as television is recognised upon rendering of the agreed service, based on use by customers (e.g. call minutes, minutes of traffic or bytes of data processed) or availability over time period (e.g. monthly service costs).

Revenue from calls and messaging is recognised at the time the call or message is effected over the Group's network. For prepaid traffic, the amount of unused traffic generates deferred revenue presented in 'Contract liabilities' on the statement of financial position. Revenue from the sale of prepaid credit is deferred until such time as the customer uses the credit or credit expires.

Revenues from traffic sales and services at a fixed rate over a specified period of time (flat rate) are recognised on a straight-line basis over the term covered by the rate paid by the customer. For service contracts with a continuous service provision, the contractually agreed total consideration is generally recognised as revenue on a straight-line basis over the minimum contract term, regardless of the payment pattern.

Fees consisting primarily of monthly charges for access to broadband, other internet access and connected services, TV and voice services, are recognised as revenue as the service is provided.

Contracts with customers generally do not include a material right, as the price invoiced for contracts and the services purchased and consumed by the customer beyond the specific scope (e.g. additional consumption and options) generally reflect their stand-alone selling prices. Service obligations transferred to the customer at the same pace are treated as a single obligation.

When contracts include contractual clauses covering commercial discounts (initial discount on signature of the contract) or free offers (e.g. three months of subscription free of charge), the Group defers these discounts or free offers over the enforceable period of the contract (period during which the Group and the customer have a firm commitment).

1. Summary of significant accounting policies - continued

1.20 Revenue recognition - continued

If the performance obligations are not classified as distinct, the offer revenue is recognised on a straight-line over the contract term.

Separate equipment sales

Equipment (primarily mobile phones) sales may be separate from, or bundled with, a service offer. When separate from a service offer, the amount invoiced is recognised in revenue on delivery and receivable immediately. Revenue and expenses associated with the sale of telecommunications equipment are recognised when the products are delivered, provided there are no unfulfilled Company obligations that affect the customer's final acceptance of the arrangement. When the equipment sale is combined with a service offer, the amount allocated to the equipment (bundled sale – see below) is recognised in revenue on delivery and received over the service contract.

Bundled equipment and service offers

GO proposes offers to its customers comprising equipment (e.g. a mobile handset) and services (e.g. a communication contract). Equipment revenue is recognised separately if the two components are distinct (i.e. if the customer can receive the service separately). Where one of the components in the offer if not at its separate selling price, revenue is allocated to each component in proportion to their individual selling prices. This is notably the case in offers combining the sales of a mobile phone at a reduced or nil price, where the individual selling price of the mobile phone is considered equal to its purchase cost and logistics expenses plus a commercial margin based on market practice.

Wholesale services offers

Where contract services are not covered by a firm volume commitment, revenue is recognised as the services are provided (which corresponds to transfer of control) over the contractual term. Where under contracts, the price, volume and term are defined, related revenue is recognised progressively based on actual traffic during the period, to reflect transfer of control to the customer. Revenue arising from the interconnection of voice and data traffic between other telecommunications operators is recognised at the time of transit across the Group's network. Interconnection revenues are recognised in the period in which the calls are made or traffic used.

Financing

The Group does not expect to have a significant number of contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(b) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Dividend income

Dividend income is recognised when the right to receive payment is established.

1. Summary of significant accounting policies - continued

1.21 Contract costs

Contract costs comprise the incremental costs of obtaining a contract (mainly sales commission paid to employees and third-party resellers) and the costs to fulfill a contract. These must be capitalised if it can be assumed that the costs will be compensated by future revenue from the contract. Incremental costs of obtaining a contract are additional costs that would have not been incurred had the contract not been concluded. Costs to fulfill a contract are costs relating directly to a contract that are incurred after contract inception and serve the purpose of fulfilling the contract but are incurred prior to fulfillment and cannot be capitalised under any other standard. GO makes use of the option to immediately recognise contract costs as an expense if the amortisation period of the asset it would have recognised in respect of them, would not have exceeded a year.

The costs of obtaining service contracts are capitalised and released to profit or loss on a straight-line basis over the enforceable contract term or over the estimated period of the customer relationship, if shorter.

Costs to fulfill a contract, when they qualify as non-distinct from the performance obligation, are capitalised and costs incurred are recorded on a time-apportioned basis over the effective period of the contract. The assumptions underlying the period over which the costs of fulfilling a contract are expensed are periodically reviewed and adjusted in line with observations; termination of the contractual relationship with the customer results in the immediate expensing of the remaining deferred costs. Where the carrying amount of deferred costs exceeds the remaining consideration expected to be received for the transfer of the related goods and services, less expected costs relating directly to the transfer of these goods and services still to be incurred, the excess amount is similarly immediately expensed.

1.22 Customer contract assets and liabilities

The timing of revenue recognition may differ from customer invoicing. Trade receivables presented in the statement of financial position represent an unconditional right to receive consideration (primarily cash), i.e. the services and goods promised to the customer have been transferred.

By contrast, contract assets mainly refer to amounts allocated per IFRS 15 as compensation for goods or services provided to customers for which the right to collect payment is subject to providing other services or goods under that same contract. This is the case in a bundled offer combining the sale of a mobile phone and mobile communication services for a fixed-period, where the mobile phone is invoiced at a reduced or nil price leading to the reallocation of a portion of amounts invoiced for telephone communication services to the supply of the mobile phone. The excess of the amount allocated to the mobile phone over the price invoiced is recognised as a contract asset and transferred to trade receivables as the service is invoiced. Contract assets, like trade receivables, are subject to impairment for credit risk. The recoverability of contract assets is also verified, especially to cover the risk of impairment should the contract be interrupted.

Contract liabilities represent amounts paid by customers before receiving the goods and/or services promised in the contract. This is typically the case for advances received from customers or amounts invoiced and paid for goods or services not transferred yet, such as contracts payable in advance or prepaid packages (previously recognised in deferred income).

1. Summary of significant accounting policies - continued

1.23 Leases

The Group is the lessee

At inception of a contract, an entity shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, where there is no third party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received; and
- any initial direct costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

1. Summary of significant accounting policies - continued

1.23 Leases - continued

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of properties, the following factors are normally the most relevant:

- if there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate);
- if any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate);
- otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

The Group is the lessor

Operating leases

Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position and are accounted for in accordance with Note 1.5. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the lease term.

Finance leases

When assets are leased out under finance leases, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

The method for allocating gross earnings to the accounting period is referred to as the ‘actuarial method’. The actuarial method allocates rentals between finance income and repayment of capital in each accounting period in such a way that finance income will emerge as a constant rate of return on the lessor’s net investment in the lease.

1. Summary of significant accounting policies - continued

1.24 Employee benefits

(a) Provisions for pensions

As explained in Note 21, following a judgement by the Court of Appeal on 7 July 2008, the Group was required to set up a pension scheme in favour of its eligible employees and former employees within three months of the judgement on a basis similar to that prescribed by the Pensions Ordinance, 1937. Such a scheme is in the form of a defined benefit plan.

A defined benefit plan defines an amount of pension benefit that an employee will receive on retirement. In the Group's case, this amount is dependent on an employee's final compensation upon retirement, as well as completed months of service. Eligibility to the scheme is also dependent on a minimum of 10 years' service and vests only if at retirement date the employee is still in the employment of the Group.

The liability recognised in the statement of financial position in respect of a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period, together with adjustments for unrecognised past-service costs. A defined benefit obligation is calculated annually using the projected unit credit method. The present value of a defined benefit obligation is determined by discounting the estimated future cash outflows using interest rate yields of government or high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in profit or loss.

(b) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

1.25 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

The Company measures a liability to distribute non-cash assets as a dividend to its owners at the fair value of the assets to be distributed. Upon settlement of the dividend payable the Company recognises the difference between the carrying amount of the assets to be distributed and the carrying amount of the dividend payable in profit or loss.

1. Summary of significant accounting policies - continued

1.26 Borrowing costs

Borrowing costs which are incurred for the purpose of acquiring or constructing qualifying property, plant and equipment or investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway, during the period of time that is required to complete and prepare the asset for its intended use. Capitalisation of borrowing costs is ceased once the asset is substantially complete and is suspended if the development of the asset is suspended. All other borrowing costs are expensed. Borrowing costs are recognised for all interest-bearing instruments on an accrual basis using the effective interest method. Interest costs include the effect of amortising any difference between initial net proceeds and redemption value in respect of the Group's interest-bearing borrowings.

2. Financial risk management

2.1 Financial risk factors

The Group's activities potentially expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk, and liquidity risk. The Group's overall risk management, covering risk exposures for all subsidiaries, focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the respective companies' financial performance. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Accordingly, the Company's Board of Directors provides principles for overall Group risk management, as well as risk management policies covering risks referred to above and specific areas such as investment of excess liquidity. The Group sometimes uses derivative financial instruments to hedge certain risk exposures. The Group's risk policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities which are denominated in a currency that is not the respective entity's functional currency, which would be considered a foreign currency. The Group's and the Company's revenues, purchases and operating expenditure, financial assets and liabilities, including financing, are mainly denominated in euro. However, a portion of the Group's revenues and purchases, including interconnect traffic, and certain capital expenditure are denominated in foreign currencies. Accordingly, the Group is potentially exposed to foreign exchange risk arising from such transactions.

2. Financial risk management - continued

2.1 Financial risk factors - continued

(a) Market risk - continued

(i) Foreign exchange risk - continued

The Group's main risk exposures reflecting the carrying amount of receivables and payables denominated in foreign currencies at the end of the reporting periods were as follows:

Group	**31 December 2021**			31 December 2020		
	USD €000	**GBP €000**	**SDR €000**	USD €000	GBP €000	SDR €000
Trade receivables	57	-	4	21	4	-
Trade payables	(1,203)	(38)	(26)	(1,039)	(38)	(23)
Net recognised receivables/ (payables) denominated in foreign currency	(1,146)	(38)	(22)	(1,018)	(34)	(23)
Available funds in foreign currency	446	613	-	37	46	-
Net exposure	**(700)**	**575**	**(22)**	(981)	12	(23)

Company	**31 December 2021**			31 December 2020		
	USD €000	**GBP €000**	**SDR €000**	USD €000	GBP €000	SDR €000
Trade receivables	57	-	4	304	214	1
Trade payables	(505)	(36)	(26)	(246)	(47)	(51)
Net recognised receivables/ (payables) denominated in foreign currency	(448)	(36)	(22)	58	167	(50)
Available funds in foreign currency	446	612	-	81	223	-
Net exposure	**(2)**	**576**	**(22)**	139	390	(50)

Management does not consider foreign exchange risk attributable to recognised assets and liabilities arising from transactions denominated in foreign currencies, presented within the tables above, to be significant. Accordingly, a sensitivity analysis for foreign exchange risk disclosing how profit or loss and equity would have been affected by changes in foreign exchange rates that were reasonably possible at the end of the reporting period is not deemed necessary.

2. Financial risk management - continued

2.1 Financial risk factors - continued

(a) Market risk - continued

(ii) Cash flow and fair value interest rate risk

The interest rate profile of the Group's and the Company's interest-bearing financial instruments at the end of the reporting periods is analysed below:

	Group		**Company**	
	2021	2020	**2021**	2020
	€000	€000	**€000**	€000
Financial assets measured at amortised cost				
Subject to floating rates				
Bank balances	**39,928**	33,032	**29,500**	14,613
	39,928	33,032	**29,500**	14,613
Subject to fixed rates				
Other receivables *	**229**	229	**229**	229
	229	229	**229**	229
Total	**40,157**	33,261	**29,729**	14,842

	Group		**Company**	
	2021	2020	**2021**	2020
	€000	€000	**€000**	€000
Financial liabilities measured at amortised cost				
Subject to floating rates				
Bank overdrafts	**(712)**	(568)	**(227)**	(3)
Bank loans	**(24,958)**	(27,957)	**(24,958)**	(27,957)
	(25,670)	(28,525)	**(25,185)**	(27,960)
Subject to fixed rates				
Bank loans	**(3,536)**	(33,997)	**-**	(30,470)
Bonds	**(98,500)**	(39,336)	**(59,172)**	-
	(102,036)	(73,333)	**(59,172)**	(30,470)
Total	**(127,706)**	(101,858)	**(84,357)**	(58,430)

* The amounts attributable to other receivables disclosed above, are stated gross of provisions for impairment.

The Group's significant instruments which are subject to fixed interest rates consist principally of bonds issued and bank loans. In this respect, the Group is potentially exposed to fair value interest rate risk in view of the fixed interest nature of these instruments, which are however measured at amortised cost.

2. **Financial risk management** - continued

2.1 **Financial risk factors** - continued

(a) Market risk - continued

(ii) Cash flow and fair value interest rate risk - continued

The Group's interest rate risk principally arises from bank borrowings issued at variable rates that are partially offset by balances held with banks subject to floating interest rates, which expose the Group to cash flow interest rate risk. Floating interest rates on these financial instruments are linked to reference rates such as Euribor or the respective banker's base rate. Management monitors the impact of changes in market interest rates on amounts reported in profit or loss in respect of these instruments taking into consideration refinancing, renewal of existing positions, alternative financing and hedging techniques.

Based on the analysis referred to above, management considers the potential impact on profit or loss of a defined interest rate shift that is reasonably possible at the end of the reporting period as a measure of cash flow interest rate risk. An increase/(decrease) of 100 basis points (2020: 100 basis points) would have (decreased)/increased the profit for the Group and Company by €285,000 and €280,000 respectively (2020: (decrease)/increase in profit by €531,000 and €303,000), which principally takes into account the impact of this shift on the interest amounts arising on variable interest borrowings as at 31 December 2021. Accordingly, the Group's financial results are substantially independent of changes in market interest rates and the level of interest risk to the Group is deemed to be quite contained.

(iii) Price risk

The Group is not materially exposed to equity securities price risk attributable to investments held by the Group taking into account the carrying amount of the investments held in the context of the Group's total assets.

(b) Credit risk

Credit risk principally arises from cash and cash equivalents comprising deposits with financial institutions, and loans to related parties, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. The Group's and the Company's principal exposures to credit risk as at the end of the reporting period are analysed as follows:

	Group		**Company**	
	2021	2020	**2021**	2020
	€000	€000	**€000**	€000
Carrying amount				
Financial assets measured at amortised cost:				
Trade and other receivables (Note 15)	**14,702**	16,711	**16,706**	16,559
Cash and cash equivalents (Note 16)	**39,928**	33,032	**29,500**	14,613
	54,630	49,743	**46,206**	31,172

The maximum exposure to credit risk at the end of the reporting period in respect of the financial assets mentioned above is equivalent to their carrying amount as disclosed in the respective notes to the financial statements. The Group does not hold any significant collateral as security in this respect. The figures disclosed in the table above in respect of trade and other receivables exclude prepayments.

2. Financial risk management - continued

2.1 Financial risk factors - continued

(b) Credit risk - continued

Trade and other receivables (including contract assets)

The Group assesses the credit quality of its trade customers, the majority of which are unrated, taking into account financial position, past experience and other factors. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. It has policies in place to ensure that sales of services are effected to customers with an appropriate credit history. Standard credit terms are in place for individual clients, however, wherever possible, new corporate customers are analysed individually for creditworthiness before the Group's standard payment and service delivery terms and conditions are offered. The creditworthiness analysis for new customers includes a review through external creditworthiness databases when available. The Group monitors the performance of its trade and other receivables on a regular basis to identify incurred collection losses, which are inherent in the Group's debtors, taking into account historical experience in collection of accounts receivable.

In view of the nature of the Group's activities and the market in which it operates, a limited number of customers account for a certain percentage of the Group's trade and other receivables. Whilst no individual customer or group of dependent customers is considered by management as a significant concentration of credit risk with respect to contractual debts, these material exposures are monitored and reported more frequently and rigorously. These customers trade frequently with the respective Group undertaking and are deemed by management to have positive credit standing, usually taking cognisance of the performance history without defaults.

The Group manages credit limits and exposures actively in a practicable manner such that past due amounts receivable from customers are within controlled parameters. The Group's trade and other receivables, which are not credit impaired financial assets, are principally debts in respect of transactions with customers for whom there is no recent history of default. Management does not expect any significant losses from non-performance by these customers.

Impairment of trade and other receivables (including contract assets)

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. Contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for contract assets.

2. Financial risk management - continued

2.1 Financial risk factors - continued

(b) Credit risk - continued

The expected loss rates are based on the payment profiles of sales over a period of time before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group adjusts the historical loss rates based on expected changes in these factors. On that basis, the loss allowance as at 31 December 2021 and 31 December 2020 was determined as follows:

Group	30 days past due	60 days past due	90 days past due	120 days past due	150 days past due	+ 150 days past due	Total
31 December 2021							
Weighted average expected loss rate	2%	5%	9%	26%	20%	75%-100%	
Gross carrying amount (€000)	4,952	2,184	2,380	793	966	13,738	**25,013**
Loss allowance (€000)	276	104	293	74	141	11,025	**11,913**
31 December 2020							
Weighted average expected loss rate	2%	5%	9%	26%	20%	75%-100%	
Gross carrying amount (€000)	6,070	2,640	2,047	1,307	2,756	9,710	24,530
Loss allowance (€000)	182	146	125	393	573	9,083	10,502

Company	30 days past due	60 days past due	90 days past due	120 days past due	150 days past due	+ 150 days past due	Total
31 December 2021							
Weighted average expected loss rate	2%	4%	8%	13%	20%	75%-100%	
Gross carrying amount (€000)	2,581	1,854	1,819	779	936	11,778	**19,747**
Loss allowance (€000)	182	80	93	70	130	9,507	**10,062**
31 December 2020							
Weighted average expected loss rate	2%	4%	8%	13%	20%	75%-100%	
Gross carrying amount (€000)	3,586	1,758	1,453	797	1,171	9,952	18,717
Loss allowance (€000)	145	93	102	85	162	8,518	9,105

As a response to the outbreak of COVID-19, the Group monitors the account activity and repayment patterns of its receivables. For this purpose, customers were segmented based on shared credit risk characteristics predominantly by economic sector, and accordingly receivables pertaining to those segments which have been impacted by COVID-19 were subjected to more rigorous monitoring. The Group has not experienced a material shift in repayment patterns attributable to its customers post the COVID-19 outbreak, with no significant deterioration in collection rates detected. The Group has also engaged in monitoring information available on macroeconomic factors affecting customer repayment ability, with a view to also assess the actual and projected impact of the pandemic on the business models of the customers serviced by the Group and accordingly on their repayment ability. As a result of these assessments, at 31 December 2021, the Group determined that the level of expected credit losses has not materially changed taking cognisance of the projected impact on the repayment ability of the Group's customers, the repayment pattern actually experienced, and the estimated life of trade receivables.

2. Financial risk management - continued

2.1 Financial risk factors - continued

(b) Credit risk - continued

Credit loss allowances include specific provisions against credit impaired individual exposures with the amount of the provisions being equivalent to the balances attributable to credit impaired receivables. The Group considers that there is evidence of impairment if any of the following indicators is present:
- significant financial difficulties of the debtor
- probability that the debtor will enter bankruptcy or financial reorganisation, and
- default or late payments (more than 90 days overdue).

The closing loss allowances for trade and other receivables as at 31 December 2021 reconcile to the opening loss allowances as follows:

	Group		**Company**	
	2021	2020	**2021**	2020
	€000	€000	**€000**	€000
Trade receivables				
Balance at 1 January	**10,502**	10,153	**9,105**	9,055
Change in loss allowances recognised in profit or loss during the year	**1,411**	349	**957**	50
Balance at 31 December	**11,913**	10,502	**10,062**	9,105
Other receivables				
Balance at 1 January	**441**	229	**229**	229
Change in loss allowances recognised in profit or loss during the year	**38**	212	**-**	-
Balance at 31 December	**479**	441	**229**	229

The Group established an allowance for impairment that represented its estimate of expected credit losses in respect of trade and other receivables. The individually credit impaired trade receivables mainly relate to a number of independent customers which are in unexpectedly difficult economic situations and which are accordingly not meeting repayment obligations. Hence, provisions for impairment in respect of credit impaired balances with corporate trade customers relate to entities which are in adverse trading and operational circumstances. Reversals of provisions for impairment of credit impaired receivables arise in those situations where customers recover from unfavourable circumstances and accordingly start meeting repayment obligations. The Group and the Company do not hold any significant collateral as security in respect of the credit impaired assets.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period greater than that reflecting status as 180 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses in ‘administrative and other related expenses’ within operating profit. Subsequent recoveries of amounts written off are credited against the same line item.

As at 31 December 2021, trade receivables of €2,067,000 (2020: €2,245,000) and €2,067,000 (2020: €2,045,000) for the Group and the Company respectively, were past due but not credit impaired. Such past due debtors comprise mainly debts allocated to the over 180 days past due category and the balances would in certain cases be recovered through offsetting of balances due to the Group with contractual liabilities owed to the same customer.

2. **Financial risk management** - continued

2.1 **Financial risk factors** - continued

(b) Credit risk - continued

These past due debtors mainly relate to a number of independent customers for whom there is no recent history of default. Whilst a limited number of customers account for a certain percentage of the Group's past due debts, management has not identified any major concerns with respect to concentration of credit risk as outlined above. Categorisation of receivables as past due is determined by the Group on the basis of the nature of the credit terms in place and credit arrangements actually utilised in managing exposures with customers.

At 31 December 2021 and 2020, the carrying amount of trade receivables that would otherwise be past due or credit impaired and whose terms have been renegotiated is not deemed material in the context of the Group's trade receivables figures.

Cash and cash equivalents

The Group principally banks with local and European financial institutions with high-quality standing or rating.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss is insignificant.

Loans receivable from subsidiaries and amounts due from subsidiaries

The Company's receivables include loans receivable from a subsidiary and other amounts owed by subsidiaries (Notes 11 and 15). The Company monitors intra-group credit exposures at individual entity level on a regular basis and ensures timely performance of these assets in the context of overall Group liquidity management. The Company assesses the credit quality of these related parties taking into account financial position, performance and other factors. The Company takes cognisance of the related party relationship with these entities and management does not expect any significant losses from non-performance or default.

Loans receivable and non-current receivables from subsidiary are categorised as Stage 1 for IFRS 9 purposes (i.e. performing) in view of the factors highlighted above. The expected credit loss allowances on such loans are based on the 12-month probability of default, capturing 12-month expected losses and hence are considered insignificant.

Since the current balances owed by subsidiaries are repayable on demand, expected credit losses are based on the assumption that repayment of the balance is demanded at the reporting date. Accordingly, the expected credit loss allowance attributable to such balances is insignificant.

(c) Liquidity risk

The Group is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise borrowings (Note 19), lease liabilities (Note 20) and trade and other payables (Note 22). Prudent liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meet the Group's obligations.

Management monitors liquidity risk by reviewing expected cash flows through cash flow forecasts, and ensures that no additional financing facilities are expected to be required over the coming year. This is performed at a central treasury function, which controls the overall liquidity requirements of the Group within certain parameters.

2. Financial risk management - continued

2.1 Financial risk factors - continued

(c) Liquidity risk - continued

The Group ensures that it has sufficient cash on demand, within pre-established benchmarks, to meet expected operational expenses and servicing of financial obligations over specific short-term periods, excluding the potential impact of extreme circumstances that cannot reasonably be predicted. The Group's liquidity risk is actively managed taking cognisance of the matching of cash inflows and outflows arising from expected maturities of financial instruments, together with the Group's committed bank borrowing facilities and other financing that it can access to meet liquidity needs. In this respect, management does not consider liquidity risk to the Group as significant taking into account the liquidity management process referred to above. The tables below analyse the Group's and the Company's financial liabilities, which expose the reporting entity to liquidity risk, into relevant maturity groupings based on the remaining term at the end of the reporting period to the contractual maturity date. The amounts disclosed in the tables are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances, as the impact of discounting is not significant.

Group	Carrying amount €000	Contractual cash flows €000	Within 1 year €000	1 to 2 years €000	2 to 5 years €000	After 5 years €000
Bank loans	28,494	30,405	6,137	8,112	14,144	2,012
Bonds	98,500	133,519	3,612	3,612	10,838	115,457
Bank overdrafts	712	712	712	-	-	-
Lease liabilities	33,947	39,170	6,533	6,162	12,295	14,180
Trade and other payables	68,899	68,899	55,783	11,103	2,013	-
31 December 2021	**230,552**	**272,705**	**72,777**	**28,989**	**39,290**	**131,649**
Bank loans	61,954	66,095	11,089	14,778	33,301	6,927
Bonds	39,336	55,467	1,600	1,600	4,800	47,467
Bank overdrafts	568	568	568	-	-	-
Lease liabilities	46,835	56,592	6,806	6,240	15,598	27,948
Trade and other payables	58,631	58,631	50,533	3,178	4,920	-
31 December 2020	207,324	237,353	70,596	25,796	58,619	82,342

Company	Carrying amount €000	Contractual cash flows €000	Within 1 year €000	1 to 2 years €000	2 to 5 years €000	After 5 years €000
Bank loans	24,958	26,203	6,020	7,995	12,188	-
Bonds	59,172	79,122	2,013	2,013	6,038	69,058
Bank overdrafts	227	227	227	-	-	-
Lease liabilities	27,421	31,837	5,043	4,758	9,869	12,167
Trade and other payables	36,176	36,176	36,176	-	-	-
31 December 2021	**147,954**	**173,565**	**49,479**	**14,766**	**28,095**	**81,225**
Bank loans	58,427	61,776	10,972	14,661	31,888	4,255
Bank overdrafts	3	3	3	-	-	-
Lease liabilities	39,929	48,943	5,302	4,799	12,739	26,103
Trade and other payables	31,610	31,610	31,008	602	-	-
31 December 2020	129,969	142,332	47,285	20,062	44,627	30,358

2. Financial risk management - continued

2.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may issue new shares or adjust the amount of dividends paid to shareholders.

The Group monitors the level of capital on the basis of the ratio of aggregated net debt to total capital. Net debt is calculated as total borrowings (as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as equity, as shown in the respective statement of financial position, plus net debt.

The figures in respect of the Group's and the Company's equity and borrowings are reflected below:

	Group		**Company**	
	2021	2020	**2021**	2020
	€000	€000	**€000**	€000
Borrowings (Note 19)	**127,706**	101,858	**84,357**	58,430
Lease liabilities (Note 20)	**33,947**	46,835	**27,421**	39,929
Less: Cash and cash equivalents (Note 16)	**(39,928)**	(33,032)	**(29,500)**	(14,613)
Net debt	**121,725**	115,661	**82,278**	83,746
Total equity	**109,897**	126,361	**110,547**	120,210
Total capital	**231,622**	242,022	**192,825**	203,956
Net debt ratio	**53%**	48%	**43%**	41%

The Group manages the relationship between equity injections and borrowings, being the constituent elements of capital as reflected above, with a view to managing the cost of capital. The level of capital, as reflected in the consolidated statement of financial position, is maintained by reference to the Group's respective financial obligations and commitments arising from operational requirements. In view of the nature of the Group's activities and the extent of borrowings or debt, the capital level at the end of the reporting period determined by reference to the consolidated financial statements is deemed adequate by the Directors.

2. Financial risk management - continued

2.3 Fair values of financial instruments and non-recurring fair value measurements

Fair value estimation in relation to financial instruments measured at fair value

The Group's financial instruments, which are carried at fair value, include the Group's other investments (Note 12). However, as at 31 December 2021, no fair value adjustments have been recognised in respect of these investments as the carrying amount fairly approximates fair value.

The Group is required to disclose fair value measurements by level of a fair value measurement hierarchy for financial instruments that are measured in the statement of financial position at fair value (Level 1, 2 or 3). The different levels of the fair value hierarchy are defined as fair value measurements using:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly i.e. as prices, or indirectly i.e. derived from prices (Level 2); and
- inputs for the asset or liability that are not based on observable market data i.e. unobservable inputs (Level 3).

The fair value of financial assets traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer or broker and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. The fair value of financial assets and other financial instruments (e.g. over-the-counter derivatives) that are not traded in an active market, is determined by using valuation techniques, principally discounted cash flow models. When the Group uses valuation techniques, it makes assumptions that are based on market conditions existing at the end of each reporting period. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Fair values of financial instruments not carried at fair value

At 31 December 2021 and 2020, the carrying amounts of certain financial instruments not carried at fair value comprising cash at bank, receivables, payables, accrued expenses and short-term borrowings reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation. The fair value of advances to related parties and other balances with related parties, which are short-term or repayable on demand, is equivalent to their carrying amount. The fair value of non-current financial instruments for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The carrying amount of the Company's non-current amounts receivable from subsidiaries fairly approximates the estimated fair value of these assets based on discounted cash flows. The fair value of the Group's non-current floating interest rate bank borrowings at the end of the reporting period is not significantly different from the carrying amounts. The current market interest rates utilised for discounting purposes, which were almost equivalent to the respective instruments' contractual interest rates, are deemed observable and accordingly these fair value estimates have been categorised as Level 2.

2. Financial risk management - continued

2.3 Fair values of financial instruments and non-recurring fair value measurements - continued

Fair values of financial instruments not carried at fair value - continued

Information on the fair value of the bonds issued to the public is disclosed in the respective note to the financial statements. The fair value estimate in this respect is deemed Level 1 as it constitutes a quoted price in active market.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. These estimates and assumptions present a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The Group's management also makes judgements, apart from those involving estimations, in the process of applying the entity's accounting policies that may have a significant effect on the amounts recognised in the financial statements.

3.1 Impairment testing

IFRSs require management to undertake an annual test for impairment of goodwill and non-financial assets having an indefinite useful life, and require management to test for impairment if events or changes in circumstances indicate that the carrying amount of a non-financial asset having a finite useful life may not be recoverable. For the purposes of assessing impairment, non-financial assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The Group also assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Impairment testing is an area involving management judgement, requiring assessment as to whether the carrying value of assets or cash-generating units can be supported by the net present value of future cash flows derived from such assets or cash-generating units using cash flow projections, which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, in particular those derived from the Group's cash-generating units, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of growth in earnings before interest, taxation, depreciation and amortisation (EBITDA); developments in number of subscribers and average revenue per user (ARPU); long-term growth rates; and the selection of discount rates to reflect the risks involved. Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Group's impairment evaluation and hence results.

3. Critical accounting estimates and judgements - continued

3.2 Business combinations

The definition of control encompasses three distinct principles, which, if present, identify the existence of control by the Group over an investee, hence forming a parent-subsidiary relationship: power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. When the Group assesses whether it has power over an investee, it needs to assess whether any rights it has are protective (rather than substantive), whether rights held by other investors are protective, or whether other parties have substantive rights that can prevent the Group from directing the relevant investee's activities (for example, veto rights). Protective rights are different to substantive rights. Protective rights are considered as rights designed to protect the interest of the party holding those rights without giving that party power over the entity to which those rights relate. Given that power is required to control an investee, if the Group only has protective rights it will not control the investee.

The recognition of business combinations requires the excess of the purchase price of acquisitions over the net book value of assets acquired to be allocated to the assets and liabilities of the acquired entity. The Group makes judgements and estimates in relation to the fair value allocation of the purchase price. The amount of goodwill initially recognised as a result of a business combination is dependent on the allocation of the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the assets and liabilities is based, to a considerable extent, on management's judgement. Allocation of the purchase price affects the results of the Group as intangible assets with a finite life are amortised, whereas intangible assets with an indefinite life and goodwill are not amortised. Identifiable intangible assets may include customer bases and brands. The fair value of these assets is determined by discounting estimated future net cash flows generated by the asset where no active market for the assets exist. The use of different assumptions for the expectations of future cash flows and the discount rate would change the valuation of the intangible assets.

3.3 Provisions for pension obligations

The Group exercises judgement in measuring and recognising provisions for its pension obligations because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision. The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the cost for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations. In the Company's case, the specific judgements involved are more subjective, taking cognisance of the nature of the Company's obligations and the ongoing developments in this respect.

3.4 Fair valuation of property

The Group's land and buildings category of property, plant and equipment is fair valued on the basis of professional advice, which considers current market prices for the properties. Fair valuation of property requires the extensive use of judgement and estimates.

3.5 Estimation of useful life

The useful life used to amortise intangible assets relates to the future performance of the assets acquired and management's judgement of the period over which economic benefit will be derived from the asset. The useful lives and residual values of the Group's property, plant and equipment are determined by management at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events which may impact their life such as changes in technology.

3. Critical accounting estimates and judgements - continued

3.5 Estimation of useful life - continued

Assessment of matters referred to above

In the opinion of the Directors, the accounting estimates and judgements made in the course of preparing these consolidated financial statements, which have been highlighted above, are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

The Directors also draw attention to the fact that there are no assumptions and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. Segment information

4.1 Operating segments

The Group has three reportable segments, which are effectively the Group's key and distinct strategic business units and cash-generating units, as they represent the lowest level at which separately identifiable cash flows can be identified. The strategic business units are managed separately with their own separate management structure and board of directors.

The following summary describes the operations in each of the Group's reportable segments:

Malta Telecommunication Services (Malta Telecommunications CGU) comprise the Group's fixed-line telephony services, mobile telephony services, digital television services, sale of broadband, internet services and other business communication solutions provided within Malta, through the Company's activities.

Data Centre Services (Data Centre CGU) comprise the Group's operations of BMIT Technologies p.l.c. (BMITT), which provides data centre facilities and ICT solutions in Malta.

Cyprus Telecommunication Services (Cyprus Telecommunications CGU) comprise the Group's operations of the Cypriot subsidiary, Cablenet Communications Systems p.l.c. The company provides broadband, cable television and telephony services. The operations of the Cypriot subsidiary constitute a reportable segment in view of the specific nature and characteristics of the Cypriot telecommunications sector, giving rise to a varied degree of business risks and returns.

The Group's internal reporting to the Board of Directors and Senior Management is analysed according to these three segments. For each of these three strategic business units, the Board of Directors reviews internal management reports at least on a monthly basis.

4. **Segment information** - continued

4.1 **Operating segments** - continued

Information about reportable segments

	Malta operations				Cyprus operations		Total	
	Telecommunications		Data Centre		Telecommunications			
	2021 €000	2020 €000	**2021 €000**	2020 €000	**2021 €000**	2020 €000	**2021 €000**	2020 €000
Total revenue	**118,012**	116,996	**25,299**	23,977	**53,503**	46,979	**196,814**	187,952
Inter-segment revenue	**(1,794)**	(1,767)	**(1,354)**	(1,012)	**-**	-	**(3,148)**	(2,779)
Revenue from external customers	**116,218**	115,229	**23,945**	22,965	**53,503**	46,979	**193,666**	185,173
Reportable segment profit before tax	**15,085**	16,769	**8,541**	8,401	**(5,750)**	(4,242)	**17,876**	20,928
Tax	**(5,045)**	(4,395)	**(3,031)**	(2,890)	**641**	418	**(7,435)**	(6,867)
Results for reportable segments	**10,040**	12,374	**5,510**	5,511	**(5,109)**	(3,824)	**10,441**	14,061
Information about profit or loss:								
Finance income	**377**	391	**-**	-	**-**	-	**377**	391
Finance costs	**(3,193)**	(2,466)	**(266)**	(235)	**(2,548)**	(1,188)	**(6,007)**	(3,889)
Depreciation and amortisation	**(28,878)**	(28,766)	**(2,295)**	(2,574)	**(18,533)**	(19,465)	**(49,706)**	(50,805)
Other non-cash items								
Change in credit loss allowances in respect of trade receivables	**(957)**	(50)	**(16)**	117	**(476)**	(628)	**(1,449)**	(561)
Reportable segment assets	**217,628**	202,699	**34,945**	34,790	**118,364**	123,128	**370,937**	360,617
Capital expenditure	**31,435**	31,212	**1,943**	5,200	**21,244**	14,274	**54,622**	50,686
Reportable segment liabilities	**165,899**	141,403	**14,984**	13,944	**80,157**	78,909	**261,040**	234,256

4. Segment information - continued

4.1 Operating segments - continued

A reconciliation of reportable segment results, assets and liabilities and other material items, to the amounts presented in the consolidated financial statements, is as follows:

	2021	2020
	€000	€000
Profit		
Total profit for reportable segments and consolidated profit after tax	**10,441**	14,061
Assets		
Total assets for reportable segments	**370,937**	360,617
Inter-segment eliminations	**(2,306)**	(3,250)
Consolidated total assets	**368,631**	357,367
Liabilities		
Total liabilities for reportable segments	**261,040**	234,256
Inter-segment eliminations	**(2,306)**	(3,250)
Consolidated total liabilities	**258,734**	231,006

4.2 Information about geographical segments

The Group's revenues are derived from operations carried out in Malta and in Cyprus. The Telecommunications segments for both Malta and Cyprus also derive revenue from incoming interconnect traffic and inbound roaming from foreign administrators worldwide. Considering the nature of the Group's activities, its non-current assets are predominantly located in Malta and Cyprus.

4.3 Information about major customers

The Group does not have any particular major customer, as it largely derives revenue from a significant number of customers availing of its services. Accordingly, the Group does not deem necessary any relevant disclosures in respect of reliance on major customers.

5. Property, plant and equipment

Group

	Land and buildings €000	Plant and equipment €000	Customer premises equipment and related assets €000	Motor vehicles €000	Payments on account and assets in course of construction €000	Total €000
At 1 January 2020						
Cost or valuation	7,187	316,738	28,592	1,125	486	354,128
Accumulated depreciation	(1,406)	(188,093)	(17,142)	(396)	-	(207,037)
Net book amount	5,781	128,645	11,450	729	486	147,091
Year ended 31 December 2020						
Opening net book amount	5,781	128,645	11,450	729	486	147,091
Additions	4,584	31,390	6,319	14	4,015	46,322
Impairment charge	-	-	-	-	(258)	(258)
Disposals and write-offs	-	(9,944)	(4,141)	(230)	-	(14,315)
Depreciation charge	(292)	(27,356)	(3,858)	(152)	-	(31,658)
Depreciation released on disposals and write-offs	-	9,810	4,141	227	-	14,178
Others	367	-	-	-	-	367
Closing net book amount	10,440	132,545	13,911	588	4,243	161,727
At 31 December 2020						
Cost or valuation	12,195	338,184	30,770	909	4,501	386,559
Accumulated depreciation and impairment charges	(1,755)	(205,639)	(16,859)	(321)	(258)	(224,832)
Net book amount	10,440	132,545	13,911	588	4,243	161,727
Year ended 31 December 2021						
Opening net book amount	10,440	132,545	13,911	588	4,243	161,727
Additions	457	31,547	6,432	176	5,689	44,301
Disposals and write-offs	-	(5,882)	(476)	(67)		(6,425)
Depreciation charge	(258)	(25,528)	(6,438)	(169)	-	(32,393)
Depreciation released on disposals and write-offs	-	5,635	476	67	-	6,178
Reclassification to Intangible assets (see Note 7)	-	-	-	-	(9,580)	(9,580)
Closing net book amount	**10,639**	**138,317**	**13,905**	**595**	**352**	**163,808**
At 31 December 2021						
Cost or valuation	12,652	363,849	36,726	1,018	610	414,855
Accumulated depreciation and impairment charges	(2,013)	(225,532)	(22,821)	(423)	(258)	(251,047)
Net book amount	**10,639**	**138,317**	**13,905**	**595**	**352**	**163,808**

The Group’s land and buildings are secured as collateral for the Group’s banking facilities.

5. Property, plant and equipment - continued

Company

	Land and buildings €000	Plant and equipment €000	Customer premises equipment and related assets €000	Motor vehicles €000	Payments on account and assets in the course of construction €000	Total €000
At 1 January 2020						
Cost or valuation	4,432	268,829	14,974	369	-	288,604
Accumulated depreciation	(100)	(176,645)	(6,742)	(367)	-	(183,854)
Net book amount	4,332	92,184	8,232	2	-	104,750
Year ended 31 December 2020						
Opening net book amount	4,332	92,184	8,232	2	-	104,750
Additions	-	19,695	5,642	14	3,838	29,189
Disposals and write-offs	-	(9,864)	(4,141)	(104)	-	(14,109)
Depreciation charge	(50)	(17,629)	(3,752)	(3)	-	(21,434)
Depreciation released on disposals and write-offs	-	9,752	4,141	104	-	13,997
Closing net book amount	4,282	94,138	10,122	13	3,838	112,393
At 31 December 2020						
Cost or valuation	4,432	278,660	16,475	279	3,838	303,684
Accumulated depreciation	(150)	(184,522)	(6,353)	(266)	-	(191,291)
Net book amount	4,282	94,138	10,122	13	3,838	112,393
Year ended 31 December 2021						
Opening net book amount	4,282	94,138	10,122	13	3,838	112,393
Additions	-	19,471	4,977	-	5,742	30,190
Disposals and write-offs	-	(5,516)	(476)	-	-	(5,992)
Depreciation charge	(21)	(16,548)	(4,751)	(1)	-	(21,321)
Depreciation released on disposals and write-offs	-	5,267	476	-	-	5,743
Reclassification to Intangible assets (see Note 7)	-	-	-	-	(9,580)	(9,580)
Closing net book amount	**4,261**	**96,812**	**10,348**	**12**	**-**	**111,433**
At 31 December 2021						
Cost or valuation	4,432	292,615	20,976	279	-	318,302
Accumulated depreciation	(171)	(195,803)	(10,628)	(267)	-	(206,869)
Net book amount	**4,261**	**96,812**	**10,348**	**12**	**-**	**111,433**

Completion of Class 2 Transaction – acquisition of property during the year ended 31 December 2020

On 23 May 2019 BM IT Limited (BM IT), a subsidiary, entered into a promise of sale agreement with BM Holdings & Investments Limited, a company had registered in Malta with registration number C 39616 and with registered address at 124, Triq ic-Cawsli, Qormi, QRM 3906, Malta (the “Vendor”).

Pursuant to the promise of sale agreement, BM IT promised and bound itself to purchase and acquire from the vendor a building, without official number constructed on two plots of land known as plot 55 and plot 56 respectively, situated in Triq Manuel Borg Gauci corner with Triq Luigi Maria Galea in Tal-Handaq, Qormi, Malta (the “Property”). The property houses the BMITT Group’s largest data centre with a capacity of approximately 300 racks, which property was previously leased out to BM IT Limited.

5. Property, plant and equipment - continued

The acquisition was approved at an Extraordinary General Meeting of the subsidiary held on 6 August 2020, as announced by a Company Announcement bearing the same date. The final deed of sale and purchase in respect of the property was executed on 17 January 2020.

The acquisition of the property, for a consideration of €4,000,000, enables the BMITT Group to carry on a significant part of its operations from its own property. This minimises, and in some cases, avoids risks associated with a migration to another facility, including financial expense, operational disruption and risk of loss of business, as customers allocated to the data centre operating from the property will not need to be relocated. As a result of the acquisition of the property, the BMITT Group will be incurring less expenditure on the rental of premises.

Fair valuation of land and buildings

The Company's land and buildings within property, plant and equipment, with a carrying amount of €4,261,000 (2020: €4,282,000) at the end of the reporting period, were revalued on 31 December 2021 by an independent firm of property valuers having appropriate recognised professional qualifications and experience in the location and category of the property being valued. Management have reviewed the carrying amounts of the properties as at 31 December 2021, on the basis of assessments by the independent property valuers, and no adjustments to the carrying amounts were deemed necessary as at that date taking cognisance of the developments that occurred during the current financial year.

Valuations were made on the basis of open market value taking cognisance of the specific location of the properties, the size of the sites together with their development potential, the availability of similar properties in the area, and whenever possible, having regard to recent market transactions for similar properties in the same location.

A subsidiary's leasehold property, with a carrying amount of €2,202,000 at the end of the reporting period, was revalued in prior years by an independent firm of property valuers having appropriate professional qualifications and experience in the category of the property being valued. Management has reviewed the carrying amount of the property as at 31 December 2021 and no adjustments to the carrying amounts were deemed necessary as at that date.

As part of the due diligence performed prior to acquiring the property, the directors of BMITT commissioned an independent firm of architects to carry out a market valuation of the property, by considering the estimated amount for which the property should be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. In the opinion of the directors, as at 31 December 2021, no significant changes or developments have been experienced since the acquisition that impacted the property's fair value by giving rise to a material shift in its estimated market value.

The Group is required to analyse non-financial assets carried at fair value by level of the fair value hierarchy within which the recurring fair value measurements are categorised in their entirety (Level 1, 2 or 3). The different levels of the fair value hierarchy have been defined as fair value measurements using:

- Quoted prices (unadjusted) in active markets for identical assets (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);
- Inputs for the asset that are not based on observable market data (that is, unobservable inputs) (Level 3).

5. **Property, plant and equipment** - continued

Fair valuation of land and buildings - continued

The Group's land and buildings, within property, plant and equipment, comprise exchanges, data centres, warehouses, offices and retail outlets. All the recurring property fair value measurements at 31 December 2021 and 2020 use significant unobservable inputs and are accordingly categorised within Level 3 of the fair valuation hierarchy.

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the beginning of the reporting period. There were no transfers between different levels of the fair value hierarchy during the years ended 31 December 2021 and 2020.

A reconciliation from the opening balance to the closing balance of land and buildings for recurring fair value measurements categorised within Level 3 of the value hierarchy, is reflected in the table above. The changes during the year are mainly attributable to additions and depreciation charge.

Valuation processes

The valuations of the properties are performed regularly on the basis of valuation reports prepared by independent and qualified valuers. These reports are based on both:

- information provided by the respective company which is derived from the company's financial systems and is subject to the company's overall control environment; and

- assumptions and valuation models used by the valuers – the assumptions are typically market-related. These are based on professional judgement and market observation.

The information provided to the valuers, together with the assumptions and the valuation models used by the valuers, are reviewed by the Chief Finance Officer (CFO). This includes a review of fair value movements over the period. When the CFO considers that the valuation report is appropriate, the valuation report is recommended to the Audit Committee. The Audit Committee considers the valuation report as part of its overall responsibilities.

At the end of every reporting period, the CFO assesses whether any significant changes or developments have been experienced since the last external valuation. This is supported by an assessment performed by the independent firm of property valuers. The CFO reports to the Audit Committee on the outcome of this assessment.

5. **Property, plant and equipment** - continued

Valuation techniques

The external valuations of the Company's Level 3 property have been performed using predominantly an adjusted sales comparison approach. In view of a limited number of similar sales in the local market, the valuations have been performed using unobservable inputs. The significant input to this approach is generally a sales price per square metre related to transactions in comparable properties located in proximity to the Group's property, with significant adjustments for differences in the size, age, exact location and condition of the property.

Information about fair value measurements using significant unobservable inputs (Level 3)

Company

	At 31 December 2021 and 2020			
Description by class based on highest and best use	**Valuation technique**	**Significant unobservable input**	**Range of unobservable inputs (weighted average) €**	**Fair value €000**
Current use as office premises and exchanges	Adjusted sales comparison approach	Sales price per square metre	1,000 – 2,650 (1,500)	4,261 (2020: 4,282)

The higher the sales price per square metre the higher the resultant fair valuation. The highest and best use of the properties referred to above is equivalent to their current use.

If the land and buildings were stated on the historical cost basis, the carrying amounts would be as follows:

	Group		**Company**	
	2021 €000	2020 €000	**2021 €000**	2020 €000
Cost	**12,533**	12,076	**3,883**	3,883
Accumulated depreciation	**(2,561)**	(2,280)	**(642)**	(598)
Net book amount	**9,972**	9,796	**3,241**	3,285

5. Property, plant and equipment - continued

Depreciation and impairment charge

The depreciation and impairment charge for the year is recognised in profit or loss as follows:

	Group		Company	
	2021	2020	**2021**	2020
	€000	€000	**€000**	€000
Cost of sales	**31,614**	31,184	**20,936**	21,074
Administrative and other related expenses	**779**	732	**385**	360
	32,393	31,916	**21,321**	21,434

Impairment charge attributable to specific project during the year ended 31 December 2020

As announced on 1 December 2020, BMITT Group reassessed all its projects taking cognisance of the impacts of COVID-19 on the local economy and on the specific sectors which are more relevant to its operations and activities. BMITT Group remained committed to executing its business plan and did not envisage adverse financial impacts based on information available as at the date of signing of the 2020 financial statements. However, the board had reviewed in detail the amounts capitalised within property, plant and equipment in respect of the ongoing projects, taking into account the announcement referred to previously. In this context, the board had taken a prudent stance and resolved to impair an amount of €257,878 which had been previously capitalised in respect of one ongoing project, based on the likelihood that should a decision be taken not to pursue this project any further, this amount would not be covered by the recoverable amount attributable to assets pertaining to this specific project.

Recoverability of the telecommunications infrastructure

At 31 December 2021, the Group's telecommunications infrastructure and licences together with other related tangible and intangible assets, attributable to the Malta Operations and Cyprus Operations CGUs, were carried at an aggregate amount of €131,853,000 (2020: €125,161,000) and €43,940,000 (2020: €43,091,000) respectively. No impairment indicators were identified by management in respect of these CGUs as at the end of the reporting period (Note 7).

6. Right-of-use assets

The Group's leasing activities

The Group leases various properties, motor vehicles and IT equipment. Rental contracts are typically made for periods of up to 25 years but may have extension options to renew the lease after the original period as described below. Lease terms are negotiated on an individual basis and contain a range of different terms and conditions. The lease agreements do not impose any covenants. Leased assets may not be used as security for borrowing purposes.

Subsequent to the adoption of IFRS 16, spectrum licences are treated as right-of-use assets taking into account prevailing market accounting practice and guidance in this respect in the context of the interpretation of IFRS 16 principles.

Extension and termination options are included in property and certain motor vehicles leases. These terms are used to maximise operational flexibility in respect of managing contracts. The extension and termination options held are exercisable only by the Group and not by the respective lessor. In respect of the property lease arrangements, the extension periods have been included in determining lease term for the respective arrangement.

Group Right-of-use assets	No of ROU assets leased	Range of remaining lease term (years)	Average remaining lease term (years)	Average extension option considered (years)	No of leases with extension options	No of leases with option to purchase	No of leases with termination options
Properties	40	1 – 22	8	7	26	5	10
Equipment and motor vehicles	126	1 – 5	2	-	4	-	-
Spectrum licences	6	1 – 12	6	-	-	-	-

Company Right-of-use assets	No of ROU assets leased	Range of remaining lease term (years)	Average remaining lease term (years)	Average extension option considered (years)	No of leases with extension options	No of leases with option to purchase	No of leases with termination options
Properties	14	1 – 22	11	15	13	5	-
Equipment and motor vehicles	13	1 – 4	2	1	5	-	-
Spectrum licences	6	1 – 12	5	-	-	-	-

The statement of financial position reflects the following assets relating to leases:

	Group		**Company**	
	2021	2020	**2021**	2020
	€000	€000	**€000**	€000
Properties	**18,099**	28,475	**12,285**	23,190
Equipment and motor vehicles	**1,934**	2,400	**1,459**	981
Spectrum licences	**12,661**	14,758	**12,661**	14,758
Total right-of-use assets	**32,694**	45,633	**26,405**	38,929

6. Right-of-use assets - continued

The movement in the carrying amount of these assets is analysed in the following table

	Group		Company	
	2021	2020	**2021**	2020
	€000	€000	**€000**	€000
At 1 January	**45,633**	50,131	**38,929**	42,028
Additions	**2,156**	1,907	**1,080**	1,114
Impacts of reassessment of lease term, in respect of extensions	**(9,017)**	-	**(9,017)**	-
Impact of derecognition of leased assets	**(124)**	(747)	**-**	-
Impacts of reassessment of lease payments, determined on the basis of an index	**117**	321	**117**	321
Depreciation	**(6,071)**	(5,979)	**(4,704)**	(4,534)
At 31 December	**32,694**	45,633	**26,405**	38,929

Additions to right-of-use assets during the course of the current financial year amounted to €959,000 relating to equipment and €121,000 relating to spectrum licences for the Company, and €1,587,000 relating to property, €448,000 relating to equipment and motor vehicles and €121,000 relating to spectrum licences for the Group.

During the current financial year the Company’s Board communicated to the lessor its intentions not to lease a specific property beyond the di fermo period, and hence reassessed the applicable lease term in this respect, which previously included a further period of 10 years beyond the di fermo period. This resulted in derecognition of a right-of-use asset amounting to €9,017,000, and a lease liability amounting to €9,294,000, giving rise to a gain of €277,000 recognised in profit or loss.

On 17 January 2020 BMITT Group acquired a property which was previously being leased out and included as a right-of-use asset. On the date of acquisition, the Group terminated its lease agreement and derecognised its right-of-use asset amounting to €747,000. During the current year a subsidiary terminated some lease arrangements.

6. Right-of-use assets - continued

The income statement includes the following amounts relating to leases:

	Group		Company	
	2021	2020	**2021**	2020
	€000	€000	**€000**	€000
Depreciation charge of right-of-use assets				
Properties	**3,170**	2,994	**2,005**	1,903
Equipment and motor vehicles	**683**	643	**481**	289
Spectrum licences	**2,218**	2,342	**2,218**	2,342
	6,071	5,979	**4,704**	4,534
Interest expense (included in finance cost)	**1,272**	1,458	**1,080**	1,246
Gain recognised on reassessment of lease term (included in Other income)	**277**	-	**277**	-
Expenses relating to short-term leases	**2,169**	1,344	**1,129**	1,130

7. Intangible assets

Group

	IRUs and DDPs €000	Computer software €000	Brand names, customer relationships and related assets €000	Broad-casting rights €000	Payments on account and assets in the course of construction €000	Goodwill €000	Total €000
At 1 January 2020							
Cost	18,036	4,992	28,485	21,551	-	28,266	101,330
Accumulated amortisation and impairment charges	(6,258)	(1,554)	(18,064)	(4,070)	-	(349)	(30,295)
Net book amount	11,778	3,438	10,421	17,481	-	27,917	71,035
Year ended 31 December 2020							
Opening net book amount	11,778	3,438	10,421	17,481	-	27,917	71,035
Additions	-	2,234	-	750	-	-	2,984
Development	-	1,552	-	-	-	-	1,552
Disposals/write-offs	-	(1,144)	(6)	-	-	-	(1,150)
Expiration of rights	-	-	-	(2,024)	-	-	(2,024)
Amortisation charge	(1,580)	(1,641)	(2,084)	(7,605)	-	-	(12,910)
Amortisation released on disposal/ write-offs	-	1,144	6	-	-	-	1,150
Amortisation released on expiration of rights	-	-	-	2,024	-	-	2,024
Others	(367)	-	-	-	-	-	(367)
Closing net book amount	9,831	5,583	8,337	10,626	-	27,917	62,294
At 31 December 2020							
Cost	17,612	7,634	28,479	20,277	-	28,266	102,268
Accumulated amortisation and impairment charges	(7,781)	(2,051)	(20,142)	(9,651)	-	(349)	(39,974)
Net book amount	9,831	5,583	8,337	10,626	-	27,917	62,294

7. Intangible assets - continued

Group - continued

	IRUs and DDPs €000	Computer software €000	Brand names, customer relationships and related assets €000	Broad-casting rights €000	Payments on account and assets in the course of construction €000	Goodwill €000	Total €000
Year ended 31 December 2021							
Opening net book amount	9,831	5,583	8,337	10,626	-	27,917	62,294
Additions	-	370	16	8,910	-	-	9,296
Development	-	1,245	-	-	-	-	1,245
Disposals/write-offs	-	(55)	-	-	-	-	(55)
Expiration of rights	(260)	-	-	(1,579)	-	-	(1,839)
Reclassification from Property, plant and equipment (see Note 5)	-	-	-	-	9,580	-	9,580
Amortisation charge	(1,801)	(2,238)	(660)	(6,543)	-	-	(11,242)
Amortisation released on disposals/write-offs	-	11	-	-	-	-	11
Amortisation released on expiration of rights	162	-	-	1,579	-	-	1,741
Closing net book amount	**7,932**	**4,916**	**7,693**	**12,993**	**9,580**	**27,917**	**71,031**
At 31 December 2021							
Cost	17,352	9,194	28,495	27,608	9,580	28,266	120,495
Accumulated amortisation and impairment charges	(9,420)	(4,278)	(20,802)	(14,615)	-	(349)	(49,464)
Net book amount	**7,932**	**4,916**	**7,693**	**12,993**	**9,580**	**27,917**	**71,031**

7. Intangible assets - continued

Company

	IRUs and DDPs €000	Computer software €000	Brand names and related assets €000	Broadcasting rights €000	Payments on account and assets in the course of construction €000	Total €000
At 1 January 2020						
Cost	687	7,209	6	5,195	-	13,097
Accumulated amortisation and impairment charges	(683)	(4,367)	(6)	(1,264)	-	(6,320)
Net book amount	4	2,842	-	3,931	-	6,777
Year ended 31 December 2020						
Opening net book amount	4	2,842	-	3,931	-	6,777
Development	-	1,552	-	-	-	1,552
Disposals/write-offs	-	(1,144)	(6)	-	-	(1,150)
Expiration of rights	-	-	-	(2,024)	-	(2,024)
Amortisation charge	(4)	(950)	-	(1,844)	-	(2,798)
Amortisation released on disposals/write-offs	-	1,144	6	-	-	1,150
Amortisation released on expiration of rights	-	-	-	2,024	-	2,024
Closing net book amount	-	3,444	-	2,087	-	5,531
At 31 December 2020						
Cost	687	7,617	-	3,171	-	11,475
Accumulated amortisation	(687)	(4,173)	-	(1,084)	-	(5,944)
Net book amount	-	3,444	-	2,087	-	5,531
Year ended 31 December 2021						
Opening net book amount	-	3,444	-	2,087	-	5,531
Development	-	1,245	-	-	-	1,245
Expiration of rights	-	-	-	(1,579)	-	(1,579)
Reclassification from Property, plant and equipment (see Note 5)	-	-	-	-	9,580	9,580
Amortisation charge	-	(1,377)	-	(1,476)	-	(2,853)
Amortisation released on expiration of rights	-	-	-	1,579	-	1,579
Closing net book amount	**-**	**3,312**	**-**	**611**	**9,580**	**13,503**
At 31 December 2021						
Cost	687	8,862	-	1,592	9,580	20,721
Accumulated amortisation	(687)	(5,550)	-	(981)	-	(7,218)
Net book amount	**-**	**3,312**	**-**	**611**	**9,580**	**13,503**

7. **Intangible assets** - continued

The amount of €9,580,000 reflected in the table above, as Payments on account and assets in the course of construction, represents payments in respect of GO's investment in a third submarine cable (LaValette). This forms part of the global PEACE System (Pakistan East Africa Connecting Europe) project, which comprises a multi-million-euro connectivity effort consisting of a submarine cable emulating the old oriental silk route, connecting countries across the globe on its way from Asia to France. GO's part of this global network directly connects Malta to France, Egypt, and beyond. This arrangement would grant access to utilise bandwidth or capacity attributable to the main submarine cable, and would in substance constitute an intangible asset predominantly. The related tangible assets are considered merely a means of containing the intangible asset and have no other use. The tangible assets are incidental to the intangible asset, and accordingly during the current year, the Group resolved to treat both the tangible and intangible elements as an intangible asset. The Group reclassified payments effected in this respect amounting to €9,580,000 from property, plant and equipment to intangible assets during the year ended 31 December 2021.

Amortisation charge

The amortisation charge for the year is recognised in profit or loss within 'cost of sales'.

Goodwill

Goodwill arising on business combinations is allocated to the different CGUs as follows:

	2021	2020
	€000	€000
Cyprus Telecommunications	**23,563**	23,563
Malta Telecommunications	**1,151**	1,151
Malta Data Centre	**3,203**	3,203

Goodwill arising on the acquisition of Cablenet amounting to €23,563,000 has been allocated to the Cyprus Telecommunications CGU, whereas other goodwill arising on business combinations effected in previous financial years has been allocated principally to the Data Centre CGU. The recoverable amount of the cash-generating units has been estimated by management on the basis of value in use (VIU) reflecting the net present value of future cash flows derived from such cash-generating units. The net present value of the future cash flows is based on the five-year cash flow forecast within the operational plan approved by the Board of Directors and the extrapolation of the cash flow forecast beyond the five-year period through the estimation of terminal values.

The key assumptions in the determination of the recoverable amount of the CGUs are the levels of forecast EBITDA, the terminal value growth rates applied to the estimated cash flows beyond the explicit forecast period and the discount rate.

Forecast EBITDA levels for the Cyprus Telecommunications CGU are mainly based on past experience modified for market developments and industry trends, taking cognisance of the following key factors throughout the forecast explicit period:

- forecast overall growth in revenue primarily driven by a continued increase in the number of retail cable subscribers in view of the entity's standing and competitive advantage in the market as well as the launch of the new mobile offering as a fully licensed Mobile Network Operator; and
- projected higher gross profit margins as a result of economies of scale and due to the fact that mobile operations will have a fixed cost of sale fee, with limited operating expenses, creating a potentially significant operating leverage impact.

7. Intangible assets - continued

Forecast EBITDA levels for the Malta Data Centre CGU are based on past experience, adjusted for market developments and industry trends, in particular the following factors over a five-year period:

- forecast overall growth in turnover over the five-year period, taking advantage of the Group's competitive position in this respect and the introduction of new revenue streams; and
- expected increase in EBITDA margins mainly due to the fixed nature of certain key elements in the cost base of the CGU.

The estimated terminal value growth rates and post-tax discount rates for CGUs, applied as at 31 December 2021 and 2020, are disclosed in the table below:

	Terminal value growth rate % **2021**	Post-tax discount rate % **2021**	Terminal value growth rate % 2020	Post-tax discount rate % 2020
Cyprus Telecommunications CGU	**2.0**	**8.7**	2.0	8.7
Malta Data Centre CGU	**1.8**	**9.4**	1.8	8.5

These parameters have been principally based on market observable data.

Management's estimation of the VIU indicates that there is significant headroom between the estimated recoverable amount and the carrying amount of the CGUs. Accordingly, management's views are that there appears to be no reasonable possible changes in key assumptions on which it has based its determination of the CGUs' recoverable amount that would cause the carrying amount to exceed VIU.

Disclosures in respect of goodwill attributable to the Malta Telecommunications CGU were not deemed necessary in view of the immateriality of the carrying amount of the goodwill allocated to this CGU.

Brand names and customer relationships acquired in business combinations, and related assets

Brand names and customer relationships acquired in business combinations are allocated to CGUs as follows:

	Brand names			Customer relationships		
	Acquisition date fair value	Year-end carrying amount **2021**	Year-end carrying amount 2020	Acquisition date fair value	Year-end carrying amount **2021**	Year-end carrying amount 2020
	€000	**€000**	€000	€000	**€000**	€000
Cyprus Telecommunications CGU	4,295	**4,295**	4,295	12,480	**2,571**	3,231
Malta Data Centre CGU	1,876	**228**	228	9,828	**30**	40

7. **Intangible assets** - continued

The intangibles acquired through the Cablenet acquisition have been allocated to the Cyprus Telecommunications CGU, constituting the aggregate of the assets allocated to this CGU, whereas other intangible assets arising on business combinations effected in previous financial years have been allocated to the Data Centre CGU.

Brands acquired through business combinations incorporate trade names, trademarks, service marks, trade dress, branding and internet domain names. These have been generally valued using the Relief From Royalty method (RFR).

Customer bases comprise customer contracts (renewable), customer relationships and customer lists. These have been generally valued using the Multi-Period Excess Earnings method (MEEM).

The RFR method was used to value Cablenet's brand. The RFR method assumes that the intangible asset has a fair value based on royalty income attributable to it. The royalty rate represents hypothetical savings enjoyed by the entity that owns the intangible asset, because that entity is relieved from having to license that intangible asset from another owner and pay royalties to use the intangible asset. In the valuation of the Cablenet brand, the cash flows were derived from the projected total revenues in conjunction with a royalty rate of 1.5%. A discount rate of 13.9% was used for the valuation of the brand and as at the end of 2021, the residual value was based on a terminal growth rate of 1.5%. An indefinite useful life was deemed appropriate for the Cablenet brand.

The MEEM method was used to value Cablenet's customer relationships. In valuing the customer relationships, the total cash flows for the acquired customers were based on an estimate of historical customer retention rates and the projected revenues and operating margins going forward. The MEEM is used as a basis for the fair value of an intangible asset based on a residual notion. The principle behind the MEEM is that the fair value of an intangible asset can be determined by estimating the cash flows that are expected to be generated by several assets in combination and deducting the cash flows attributable to all of the other assets that contribute to the cash flows (contributory charges). The 'excess' cash flows are ascribed to the intangible assets and the fair values based on the present value of those cash flows attributable only to the intangible assets. It is presumed that the contributory assets are leased from a third party. All considerations refer to the attributable fair value of the relevant asset. The applied contributory asset charges (CACs - sometimes referred to as 'economic rents') consider the return of the asset and the return on the asset with the latter comprising a reasonable interest on the capital invested.

In respect of the valuation of customer relationships, total projected revenue attributable to existing customer relationships was estimated on the basis of:

- existing number of subscribers by service line;
- projected revenue growth (before churn) for existing customer relationships;
- projected ARPU by service line; and
- projected churn rate by service line for existing customer relationships.

EBIT margins were assumed to be equal to the EBIT margin of the overall business operations of Cablenet, adjusted for the royalty of Cablenet's brand amounting to 1.5% of the revenue attributable to existing relationships. CACs as a percentage of revenue have been applied including principally a 'return-of' and a 'return-on' contributory asset charge for depreciable assets. The 'return-on' contributory asset charge reflects the required rate of return on depreciable assets.

7. Intangible assets - continued

A discount rate for the valuation of the customer relationships intangible asset of 12.9% was utilised after considering the relatively higher level of risk for the customer relationships as compared to the overall business operations of Cablenet. The residual reflects excess earnings attributable to beyond the explicit period, extrapolated assuming an ARPU growth rate and churn rate which are held constant at end of explicit period levels. The useful life of the retail customer relationships intangible asset was estimated at ten years, whilst the useful life of the business customer relationships intangible asset was established at five years.

Other related intangible assets primarily comprise customer bases and IP addresses acquired by the Group**.**

8. Investments in subsidiaries

	Company	
	2021	2020
	€000	€000
Cost and carrying amount at 1 January	**50,877**	50,077
Additions/acquisitions	**710**	800
Cost and carrying amount at 31 December	**51,587**	50,877

The carrying amount of the investments at 31 December 2021 and 2020 is equivalent to the cost of the investments. The subsidiaries at 31 December 2021 and 2020 are shown below:

Subsidiary	**Registered office**	**Percentage of shares held**		**Nature of business**
		2021 %	2020 %	
BMIT Technologies p.l.c. (with listed ordinary share capital)	Building SCM02 Level 2 SmartCity Ricasoli, Kalkara Malta	**51.0**	51.0	Investment holding
Cablenet Communications Systems p.l.c. (with listed debt securities)	41 – 49 Agiou Nicolaou Street Block A, Nimeli Court 3rd Floor, 2408, Egkomi Nicosia Cyprus	**63.4**	62.2	Provision of broadband, cable television and telephony services
Connectedcare Limited	GO, Fra Diegu Street Marsa Malta	**51.0**	51.0	Electronic and mobile care solutions
GO Ventures Limited	GO, Fra Diegu Street Marsa Malta	**100.0**	100.0	Investment holding

8. Investments in subsidiaries - continued

BMIT Technologies p.l.c. (BMITT) holds 99.9% (2020: 99.9%) in Bellnet Limited, BM IT Limited and BM Support Services Limited. The companies provide co-location and internet services, technical assistance, leasing of plant and equipment and IT solutions. The registered office of all the companies is Building SCM 02, Level 2 SmartCity Malta, Ricasoli, Kalkara, Malta.

By virtue of a resolution dated 24 January 2020, Kinetix IT Solutions Limited, a former subsidiary of BMITT, was merged into BM IT Limited through a merger procedure carried out under Title II, Chapter III of Part VIII of the Companies Act (Cap. 386). Upon merger, BM IT Limited took over the assets and liabilities of Kinetix IT Solutions Limited which as at 24 January 2020 amounted to €726,000 and €374,000 respectively, with the difference recognised directly in equity. There was no impact on the consolidated financial statements of GO p.l.c. as a result of this merger.

GO Ventures Limited was incorporated in 2019, to invest in start-up companies offering digital solutions.

Further investment in Cablenet Communications Systems p.l.c.

On 21 July 2020, the Malta Financial Services Authority approved the prospectus that was submitted for admission to listing on the Malta Stock Exchange of the 4% unsecured bonds with an aggregate principal amount of up to Euro 40,000,000 issued by Cablenet (see Note 19). Subsequently, GO acquired an additional shareholding in Cablenet through the purchase of 64,814 shares from an existing shareholder for the amount of €800,000 and its shareholding in Cablenet increased to 62.2% by 31 December 2020. As at the date of this transaction, the carrying amount attributable to the non-controlling interest in this subsidiary was €516,000. The purchase consideration exceeded the amounts attributable to the non-controlling interest acquired by €284,000, which difference was recognised directly in equity.

During the year ended 31 December 2021, GO acquired an additional stake from an existing shareholder for the amount of €710,000 and increased its shareholding by 1.21%. As at the date of this transaction, the carrying amount attributable to the non-controlling interest in this subsidiary, which was acquired, was €196,000. Accordingly, the purchase consideration exceeded the amounts attributable to the non-controlling interest acquired by €514,000, which difference was recognised directly in equity. Subsequent to the acquisition and as at 31 December 2021 the Group directly holds 63.41% of the issued share capital of the subsidiary and of its voting rights.

8. **Investments in subsidiaries** - continued

Non-controlling interests (NCI)

Set out below is summarised financial information for each subsidiary that has non-controlling interests which are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

Summarised balance sheet	**Cablenet**		**BMITT**	
	2021	2020	**2021**	2020
	€000	€000	**€000**	€000
Current assets	**11,997**	25,833	**7,707**	7,435
Current liabilities	**22,650**	24,227	**7,979**	6,732
Current net (liabilities)/assets	**(10,653)**	1,606	**(272)**	703
Non-current assets	**76,346**	65,918	**17,806**	18,169
Non-current liabilities	**57,331**	54,397	**6,747**	7,199
Non-current net assets	**19,015**	11,521	**11,059**	10,970
Net assets	**8,362**	13,127	**10,787**	11,673
Accumulated NCI	**5,276**	7,460	**5,286**	5,721
Summarised statement of comprehensive income				
Revenue	**53,503**	46,979	**25,300**	23,977
(Loss)/profit for the period	**(4,571)**	(2,843)	**5,063**	4,742
(Loss)/profit allocated to NCI	**(1,673)**	(1,600)	**2,480**	2,324
Dividends paid to NCI	**-**	-	**2,915**	2,151
Summarised cash flows				
Cash flows from operating activities	**13,851**	11,154	**9,950**	6,616
Cash flows from investing activities	**(20,998)**	(18,240)	**(1,657)**	(6,755)
Cash flows from financing activities	**(713)**	18,668	**(6,408)**	(1,289)
Net (decrease)/increase in cash and cash equivalents	**(7,860)**	11,582	**1,885**	(1,428)

9. Investments in associates

	Group		Company	
	2021	2020	**2021**	2020
	€000	€000	**€000**	€000
Cost and carrying amount at 1 January	**2,188**	18	**-**	-
Additions/acquisitions	**-**	2,182	**-**	-
Dividends	**-**	(12)	**-**	-
Cost and carrying amount at end of year	**2,188**	2,188	**-**	-

Set out below are the associates of the Group as at 31 December 2021. The entities listed below have share capital consisting principally of unlisted ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and unless otherwise stated, the proportion of ownership interest is the same as the proportion of voting rights held.

Investment in MIGS Limited

MIGS Limited is a company registered in Malta, with its registered address at Level 3 – 701, Ewropa Business Centre, Dun Karm Street, Birkirkara. The company's principal activity was to organise events, seminars, conferences, training programmes and other initiatives oriented towards knowledge development in different sectors and to promote lifelong education in general. The company was put into liquidation during 2020. In view of the immateriality of this investment in terms of the requirements of IFRS 12 'Disclosure of interest in other entities' and the investee's status, the disclosure of the summarised financial information and other matters in accordance with the requirements of IFRS 12 is not deemed necessary. The 40% stake in this entity was acquired for an amount of €18,000.

Investment in EBO Ltd

On 2 December 2020, BMITT entered into an agreement to acquire a 15% shareholding in EBO Ltd (EBO) for a consideration of €1,542,000. Further costs amounting to €25,000 which are directly attributable to this acquisition were incurred by the Company and were capitalised as part of the cost of the investment.

EBO is a technology company incorporated in Malta with its shares not listed on the Malta Stock Exchange, focused on the provision of Artificial Intelligence solutions in the Healthcare, iGaming and Financial Services sectors. EBO delivers its solutions through AI driven Virtual Agents in an omni-channel environment that allow more personalised customer conversations, improving self-service, and offering predictive models to augment existing business processes. The investment in EBO is expected to accelerate EBO's growth trajectory, as well as enable the opening of new business verticals and territories in which Group has a key interest.

The Group classifies this interest as an investment in associate, despite holding an effective shareholding and voting rights of 15%. BMITT has a right to appoint one director out of a maximum of seven directors. As at 31 December 2020 and 2021, BMITT had appointed one director out of a total of three acting directors and this was deemed to constitute significant influence in terms of voting rights at Board level.

The share of results of this associate, registered post acquisition date, is insignificant in the context of the Group's financial results and financial position and accordingly has not been reflected within these financial statements.

9. Investments in associates - continued

The tables below provide summarised financial information for the associate that is material to the Group. The information disclosed reflects the amounts presented in the financial statements of the associate and not the Group's share of those amounts.

	2021	2020
	€000	€000
Summarised statement of financial position		
Non-current assets		
Intangible assets	**796**	930
Other non-current assets	**1,083**	530
Total non-current assets	**1,879**	1,460
Current assets		
Trade receivables	**471**	103
Other current assets	**-**	75
Cash and cash equivalents	**110**	815
Total current assets	**581**	993
Non-current liabilities	**(780)**	(654)
Current liabilities	**(323)**	(144)
Net assets	**1,357**	1,655
Reconciliation to carrying amounts:		
Opening net assets of investee on 1 January	**1,655**	-
Net assets at acquisition date	**-**	1,655
Results for the period	**(285)**	-
Other comprehensive income	**(13)**	-
Closing net assets of investee on 31 December	**1,357**	1,655
Group's share in %	**15%**	15%
Group's share of net assets	**204**	248
Group's share of closing net assets reflected in the financial statements	**248**	248
Notional goodwill	**1,319**	1,319
Carrying amount on 31 December	**1,567**	1,567

	2021
	€000
Summarised statement of comprehensive income	
Revenue	**560**
Loss from continued operations	**(285)**
Loss for the period	**(285)**
Other comprehensive income	**(13)**
Total comprehensive income	**(298)**

9. Investments in associates - continued

Investment in Mindbeat Ltd

Mindbeat Ltd is a company registered in Malta, with its registered address at 9B, Midland Warehousing Park, Triq Il-Burmarrad, Naxxar, NXR6345. The company's principal activity is to provide coaching services to corporate clients and individuals and to operate a software as a service platform for mobile coaching and e-learning. In view of the immateriality of this investment to GO as a reporting entity in terms of the requirements of IFRS 12 *Disclosure of interest in other entities*, the disclosure of the summarised financial information and other matters in accordance with the requirements of IFRS 12 is not deemed necessary. The 30% stake giving rise to an equivalent shareholding in this entity was acquired for an amount of €500,000. GO's subsidiary invested in convertible loans issued by the investee which will be converted to equity shares, either on the latest conversion date, or an earlier date if certain equity transactions happen involving Mindbeat prior to the mandatory conversion. Upon conversion, GO's subsidiary will receive as many shares as are necessary to retain 30% of Mindbeat's share capital. Since key decisions are reserved for the Board, wherein the investor already has appointed one out of two directors, then GO is deemed to have attained significant influence at the investment stage of acquisition, with the implied level of voting rights. The share of results of this associate, registered post acquisition date, is insignificant in the context of the Group's financial results and financial position.

The company has negative capital and reserves as at 31 December 2021 amounting to €551,000 (2020: €326,000) and registered a loss amounting to €225,000 (2020: €334,000) for the year ended 31 December 2021.

Investment in Sqmeterz Ltd

Sqmeterz Ltd is a company registered in Malta, with its registered address at Ocean Spirit PH5, 9 April Street, Mosta MST1113. The company's principal activity is to operate and manage an online platform selling products and services for the real estate industry. In view of the immateriality of this investment to GO as a reporting entity in terms of the requirements of IFRS 12 *Disclosure of interest in other entities*, the disclosure of the summarised financial information and other matters in accordance with the requirements of IFRS 12 is not deemed necessary. The 38% stake giving rise to an equivalent shareholding and level of voting rights in this entity was acquired for an amount of €115,000. The company has capital and reserves as at 31 December 2021 amounting to €20,000 (2020: €69,000) and registered a loss amounting to €49,000 (2020: €48,000) for the year ended 31 December 2021. The share of results of this associate, registered post acquisition date, is insignificant in the context of the Group's financial results and financial position.

10. Investment in Forthnet

GO previously owned 24,887,737 ordinary shares in Hellenic Company for Telecommunications and Telematic Applications S.A. (Forthnet), a Greek company listed on the Athens Stock Exchange, which provides fixed line telephony services, broadband services and satellite pay TV services in Greece. The carrying amount of this investment had been impaired to nil in preceding financial years. This stake was equivalent to a total direct shareholding in Forthnet of 14.421% and equivalent voting power as at 31 December 2019.

On 26 October 2020, the Company announced that as a result of a share capital increase in Forthnet, the Company's shareholding had been diluted to below the 10% threshold. The Company's shareholding in Forthnet at that date amounted to 24,887,737 shares out of a total 258,366,234 shares issued, which was equivalent to approximately 9.63% of the total issued share capital of Forthnet. On 5 November 2020, the Company further announced that it had entered into a Share Purchase Agreement with Newco United Group Hellas S.A.R.L. (the "Purchaser") for the sale of its shareholding in Forthnet to the Purchaser for a total amount of €3,235,405 (the "Sale Share Price"). Completion of the transfer of the shares was effected in November 2020. This gave rise to a gain on disposal of €3,102,000 reflected during the year ended 31 December 2020.

11. Loans receivable from subsidiary

	Company	
	2021	2020
	€000	€000
Carrying amount at 1 January	**-**	4,549
Advances effected during the year	**-**	2,451
Loan repayments	**-**	(7,000)
Carrying amount at 31 December	**-**	-

Pursuant to a loan agreement dated 28 March 2019 and an amendment and restatement agreement dated 25 November 2019, a loan facility amount of €7,000,000 was made available to Cablenet, of which the amount of €4,500,000 was utilised by Cablenet by 31 December 2019. The residual amount was utilised during the preceding financial year. The loan amount was to be repaid by 25 November 2024 and subject to a two-year moratorium as from 25 November 2019, during which no capital or interest repayments were to be made. Following the moratorium period, capital and interest payments were to be effected in monthly instalments. Throughout the moratorium period, interest was to accrue on a day-to-day basis at the rate of 8% per annum and was to be compounded annually. Subsequent to the moratorium period, simple interest (not compounded) was to accrue on a day-to-day basis at the rate of 8% per annum payable monthly. The loan was fully settled by the end of the preceding reporting period.

12. Other investments

	Group		Company	
	2021	2020	**2021**	2020
	€000	€000	**€000**	€000
Financial assets at fair value through other comprehensive income				
Cost	**2,744**	2,176	**1,770**	1,770
Accumulated impairment losses	**(1,770)**	(1,770)	**(1,770)**	(1,770)
	974	406	**-**	-

The above investments classified as financial assets at fair value through other comprehensive income (FVOCI) comprise equity securities which are not held for trading, and which the Group has irrevocably elected for classification within this category at initial recognition. These are strategic investments and the Group considers this classification to be more relevant.

12. Other investments - continued

At 31 December 2021 and 2020, the Company's FVOCI financial assets included:

	Group		Company	
	2021	2020	**2021**	2020
	€000	€000	**€000**	€000
Listed securities				
Loqus Holdings p.l.c. (fully impaired)	**1,770**	1,770	**1,770**	1,770
Unlisted securities				
Leading Edge Only Ltd	**229**	229	**-**	-
Service Lee Technologies Private Limited	**177**	177	**-**	-
Airgsm Holdings Inc	**168**	-	**-**	-
Enternships Ltd	**300**	-	**-**	-
Gremer Ltd	**100**	-	**-**	-
	974	406	**-**	-

The equity investment in Loqus Holdings p.l.c. is deemed to be impaired and accordingly its carrying amount had been written down to nil. The carrying amount of loans receivable from this investee, included in other receivables, amounting to €229,000 (2020: €229,000), had also been written down to nil in view of the impairment indicators highlighted above (Note 15).

The fair value of the unlisted securities as at the end of the year was deemed to approximate the carrying amounts, in view of proximity to the acquisition date. No further disclosures in respect of such investments were deemed necessary, taking cognisance of the immateriality of such investments in the context of the Group's total assets and net asset level.

13. Deferred tax assets and liabilities

Deferred taxes are calculated on all temporary differences under the liability method and are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates (and tax laws) that have been substantively enacted by the end of the reporting period. The principal tax rate used in respect of Malta based Group companies is 35% (2020: 35%), with the exception of deferred taxation on the fair valuation of non-depreciable property, which is computed on the basis applicable to disposals of immovable property i.e. principally tax effect of 10% (2020: 10%) of the transfer value. The tax rate applied in Cyprus in respect of the taxable profits attributable to Cablenet is 12.5% (2020: 12.5%).

13. Deferred tax assets and liabilities - continued

The balance at 31 December represents temporary differences attributable to:

Group	**Assets**		**Liabilities**		**Net**	
	2021	2020	**2021**	2020	**2021**	2020
	€000	€000	**€000**	€000	**€000**	€000
Depreciation of property, plant and equipment	**-**	-	**(9,731)**	(8,176)	**(9,731)**	(8,176)
Fair valuation of land and buildings	**-**	-	**(362)**	(362)	**(362)**	(362)
Intangible assets	**-**	-	**(790)**	(1,290)	**(790)**	(1,290)
Provisions for pensions and other liabilities	**1,557**	1,809	**-**	-	**1,557**	1,809
Credit loss allowances on trade receivables and other assets	**3,563**	3,223	**-**	-	**3,563**	3,223
Others	**1,301**	786	**-**	-	**1,301**	786
Tax assets/(liabilities)	**6,421**	5,818	**(10,883)**	(9,828)	**(4,462)**	(4,010)
Offsetting	**(5,707)**	(5,634)	**5,707**	5,634	**-**	-
Net tax assets/(liabilities)	**714**	184	**(5,176)**	(4,194)	**(4,462)**	(4,010)

Company	**Assets**		**Liabilities**		**Net**	
	2021	2020	**2021**	2020	**2021**	2020
	€000	€000	**€000**	€000	**€000**	€000
Depreciation of property, plant and equipment	**-**	-	**(9,039)**	(7,759)	**(9,039)**	(7,759)
Fair valuation of land and buildings	**-**	-	**(362)**	(362)	**(362)**	(362)
Intangible assets	**-**	-	**(213)**	(273)	**(213)**	(273)
Provisions for pensions and other liabilities	**1,557**	1,809	**-**	-	**1,557**	1,809
Credit loss allowances on trade receivables and other assets	**3,521**	3,187	**-**	-	**3,521**	3,187
Others	**600**	602	**-**	-	**600**	602
Tax assets/(liabilities)	**5,678**	5,598	**(9,614)**	(8,394)	**(3,936)**	(2,796)
Offsetting	**(5,678)**	(5,598)	**5,678**	5,598	**-**	-
Net tax liabilities	**-**	-	**(3,936)**	(2,796)	**(3,936)**	(2,796)

13. Deferred tax assets and liabilities - continued

The recognised deferred tax assets and liabilities are expected to be recovered or settled principally after more than twelve months from the end of the reporting period. The deferred tax assets and liabilities reflected in other comprehensive income relate to fair valuation of property, plant and equipment and to movements in provisions for pensions attributable to actuarial assumptions.

The movement in the Group's deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances, is as follows:

Group

	Balance 1 January 2020 €000	Recognised in profit or loss €000	Recognised in other comprehensive income €000	Balance 31 December 2020 €000	Recognised in profit or loss €000	Recognised in other comprehensive income €000	**Balance 31 December 2021 €000**
Property, plant and equipment	(6,066)	(2,110)	-	(8,176)	(1,555)	-	**(9,731)**
Intangible assets	(1,077)	(213)	-	(1,290)	500	-	**(790)**
Provisions for pensions and other liabilities	1,809	(29)	29	1,809	(240)	(12)	**1,557**
Expected credit losses on trade receivables and other assets	3,245	(22)	-	3,223	340	-	**3,563**
Unabsorbed capital losses	-	-	-	-		-	
Others	-	786	-	786	515	-	**1,301**
	(2,089)	(1,588)	29	(3,648)	(440)	(12)	**(4,100)**
Revaluation of land and buildings	(362)	-	-	(362)	-	-	**(362)**
	(2,451)	(1,588)	29	(4,010)	(440)	(12)	**(4,462)**

At 31 December 2021, the Group and the Company had unrecognised deferred tax assets amounting to €46,073,000 (2020: €46,740,000) in respect of impairment and other losses on investments and unabsorbed capital losses. Capital losses are only available for offset against future capital gains.

13. Deferred tax assets and liabilities - continued

The movement in the Company's deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances, is as follows:

Company

	Balance 1 January 2020 €000	Recognised in profit or loss €000	Recognised in other comprehensive income €000	Balance 31 December 2020 €000	Recognised in profit or loss €000	Recognised in other comprehensive income €000	**Balance 31 December 2021 €000**
Property, plant and equipment	(5,145)	(2,614)	-	(7,759)	(1,280)	-	**(9,039)**
Intangible assets	(258)	(15)	-	(273)	60	-	**(213)**
Provisions for pensions and other liabilities	1,809	(29)	29	1,809	(240)	(12)	**1,557**
Expected credit losses on trade receivables and other assets	3,169	18	-	3,187	334	-	**3,521**
Others	-	602	-	602	(2)	-	**600**
	(425)	(2,038)	29	(2,434)	(1,128)	(12)	**(3,574)**
Revaluation of land and buildings	(362)	-	-	(362)	-	-	**(362)**
	(787)	(2,038)	29	(2,796)	(1,128)	(12)	**(3,936)**

14. Inventories

	Group		Company	
	2021	2020	**2021**	2020
	€000	€000	**€000**	€000
Operating spares	**7,852**	5,697	**7,674**	5,534
Goods held for resale	**620**	603	**283**	337
	8,472	6,300	**7,957**	5,871

The cost of inventories recognised as expense is disclosed in Note 24. During the current financial year, an increase in provisions for obsolescence of inventories amounting to €257,000 (2020: €66,000) for the Group and an increase of €237,000 (2020: €46,000) for the Company, have been reflected in these financial statements. Inventory write-downs during the year amounted to €25,000 (2020: €30,000) and €18,000 (2020: €21,000) for the Group and Company respectively.

Provisions for obsolescence of inventories are as follows:

	Group		Company	
	2021	2020	**2021**	2020
	€000	€000	**€000**	€000
At end of year	**512**	255	**425**	188

15. Trade and other receivables

	Group		Company	
	2021	2020	**2021**	2020
	€000	€000	**€000**	€000
Non-current				
Amounts owed by subsidiaries	**-**	-	**2,848**	2,848
Contract assets	**3,583**	2,785	**3,409**	2,785
Costs incurred in obtaining contracts	**294**	288	**294**	288
Costs incurred to fulfill contracts	**489**	212	**-**	-
Prepayments	**6,831**	2,359	**-**	-
Other assets	**73**	116	**16**	25
	11,270	5,760	**6,567**	5,946
Current				
Trade receivables – net of provisions	**13,100**	14,028	**9,685**	9,612
Amounts owed by subsidiaries	**-**	-	**2,628**	1,376
Other receivables – net of provisions	**647**	677	**647**	628
Contract assets	**7,245**	6,948	**7,245**	6,735
Costs incurred in obtaining contracts	**988**	1,033	**988**	1,033
Costs incurred to fulfill contracts	**676**	643	**-**	-
Prepayments	**13,772**	15,983	**8,943**	6,436
Other assets	**15**	15	**15**	15
	36,443	39,327	**30,151**	25,835

15. **Trade and other receivables** - continued

During the preceding financial year, the Cypriot subsidiary entered into a number of agreements with two other telecom operators in Cyprus holding Cypriot and international football rights for Cyprus. The agreements provide for the three operators to make payments for each other's exclusive content. Some of these payments are equal and are set off against each other, where the underlying content is deemed of equal value. Other payments are one-sided because the underlying content is provided from one operator to the other. Exclusive marketing and advertising revenue collection rights have been agreed and allocated to certain of the three operators in exchange for payments to those ceding the rights. As a result of the above, the Group financial statements include revenue and costs amounting to €6,366,000 (2020: €5,675,000) and €4,869,000 (2020: €4,862,000) respectively, some of equal reciprocal nature, with an overall net income benefit, while corresponding prepayments and contract liabilities have been recognised in the statement of financial position. Current prepayments include an amount of €2,359,000 for the period up to 31 July 2022 relating to these arrangements. The agreement expires on 31 July 2024.

Non-current prepayments include amounts paid of €2,966,000 in respect of Cablenet's 4G and 5G mobile spectrum licences. Mobile spectrum has been acquired as part of the subsidiary's expansion of its mobile telephony services (also refer to Note 36). Non-current prepayments also comprise payments effected of €1,800,000 for the acquisition of IRUs through a sub-sea cable which has not yet been activated.

Current amounts owed by subsidiaries as at 31 December 2021 are unsecured, interest-free and repayable on demand. Non-current amounts owed by subsidiaries as at 31 December 2021 relate to dividends receivable and are unsecured, interest-free and not repayable within the forthcoming 12-month period.

Receivables, disclosed in the table above, are stated net of credit loss allowances as follows:

	Group		**Company**	
	2021 €000	2020 €000	**2021 €000**	2020 €000
Trade receivables	**11,913**	10,502	**10,062**	9,105
Other receivables	**479**	441	**229**	229
Total credit loss allowances	**12,392**	10,943	**10,291**	9,334

15. Trade and other receivables - continued

The following tables analyse the changes in contract assets, costs incurred in obtaining contracts and costs incurred to fulfil contracts during the year ended 31 December 2021 and 2020:

Group	As at 1 January 2020	Business related variations		As at 31 December 2020
	€000	€000		€000
Contract assets				
Accrued income	5,888	(2,019)		3,869
		Originations	Amortisation/ recognition in profit or loss	
		€000	€000	
Revenue allocated to subsidised handsets	2,394	2,488	(1,599)	3,283
Revenue allocated to discounted part of contract term	1,080	435	(1,185)	330
Free credits under subscriber agreements	2,253	1,780	(1,782)	2,251
Total contract assets	11,615			9,733
Costs incurred in obtaining contracts	1,329	1,447	(1,455)	1,321
Costs incurred to fulfill contracts	477	650	(272)	855

	As at 1 January 2021	Business related variations		As at 31 December 2021
	€000	€000		€000
Contract assets				
Accrued income	3,869	219		**4,088**
		Originations	Amortisation/ recognition in profit or loss	
		€000	€000	
Revenue allocated to subsidised handsets	3,283	3,290	(2,165)	**4,408**
Revenue allocated to discounted part of contract term	330	381	(476)	**235**
Free credits under subscriber agreements	2,251	1,680	(1,834)	**2,097**
Total contract assets	9,733			**10,828**
Costs incurred in obtaining contracts	1,321	1,395	(1,434)	**1,282**
Costs incurred to fulfill contracts	855	953	(643)	**1,165**

15. Trade and other receivables - continued

Company	As at 1 January 2020	Business related variations		As at 31 December 2020
	€000	€000		€000
Contract assets				
Accrued income	3,950	(294)		3,656
		Originations	Amortisation/ recognition in profit or loss	
		€000	€000	
Revenue allocated to subsidised handsets	2,394	2,488	(1,599)	3,283
Revenue allocated to discounted part of contract term	1,080	435	(1,185)	330
Free credits under subscriber agreements	2,253	1,780	(1,782)	2,251
Total contract assets	9,677			9,520
Costs incurred in obtaining contracts	1,329	1,447	(1,455)	1,321

	As at 1 January 2021	Business related variations		As at 31 December 2021
	€000	€000		€000
Contract assets				
Accrued income	3,656	258		**3,914**
		Originations	Amortisation/ recognition in profit or loss	
		€000	€000	
Revenue allocated to subsidised handsets	3,283	3,290	(2,165)	**4,408**
Revenue allocated to discounted part of contract term	330	381	(476)	**235**
Free credits under subscriber agreements	2,251	1,680	(1,834)	**2,097**
Total contract assets	9,520			**10,654**
Costs incurred in obtaining contracts	1,321	1,395	(1,434)	**1,282**

16. Cash and cash equivalents

For the purposes of the statements of cash flows, cash and cash equivalents comprise the following:

	Group		Company	
	2021	2020	**2021**	2020
	€000	€000	**€000**	€000
Cash at bank and in hand	**39,928**	33,032	**29,500**	14,613
Bank overdrafts (Note 19)	**(712)**	(568)	**(227)**	(3)
Cash pledged as guarantees	**(5,134)**	(7,295)	**(618)**	(493)
	34,082	25,169	**28,655**	14,117

Cash pledged as guarantees comprise:

- €2,352,000 cash collateral in respect of Good Payment Letters of Guarantee expiring on 21 July 2022, in favour of Cypriot regulatory authorities, relating to radio spectrum frequencies for the establishment and operation of a public electronic communications network for the provision of electronic communication services.

- €1,575,000 representing cash collateral in respect of a Letter of Guarantee in favour of a third party expiring on 15 June 2022, relating to the RAN Sharing agreement signed with this third party.

17. Share capital

	Company	
	2021	2020
	€000	€000
Authorised		
600,000,000 ordinary shares of €0.582343 each	**349,406**	349,406
Issued and fully paid		
101,310,488 ordinary shares of €0.582343 each	**58,998**	58,998

18. Reserves

Group

	Adjustments relating to non-controlling interests €000	Property revaluation reserve €000	Other reserves €000	Total €000
Balance at 1 January 2020	35,963	1,676	(95)	37,544
Remeasurements of defined benefit obligations:				
- Actuarial losses	-	-	(82)	(82)
- Deferred taxes thereon	-	-	29	29
Changes in ownership interest that do not result in loss of control:				
Excess of consideration paid on acquisition of additional stake in subsidiary over carrying amount of non-controlling interests	(284)	-	-	(284)
Transfer upon realisation through disposal of other investment	-	-	(643)	(643)
Balance at 31 December 2020	35,679	1,676	(791)	36,564
Balance at 1 January 2021	35,679	1,676	(791)	36,564
Remeasurements of defined benefit obligations:				
- Actuarial gains	-	-	34	34
- Deferred taxes thereon	-	-	(12)	(12)
Excess of consideration paid on acquisition of additional stake in subsidiary over carrying amount of non-controlling interests	(514)	-	-	(514)
Balance at 31 December 2021	**35,165**	**1,676**	**(769)**	**36,072**

The transfer upon realisation through disposal, reflected during the preceding financial year, relates to GO’s share of other comprehensive income attributable to the investment which was disposed during the year ended 31 December 2020 (Note 10). Such share of other comprehensive income had been recognised in preceding financial years.

18. Reserves - continued

Company	Merger reserve €000	Property revaluation reserve €000	Other reserves €000	Total €000
Balance at 1 January 2020	3,843	1,676	(1,423)	4,096
Remeasurements of defined benefit obligations:				
- Actuarial losses	-	-	(82)	(82)
- Deferred taxes thereon	-	-	29	29
Balance at 31 December 2020	3,843	1,676	(1,476)	4,043
Balance at 1 January 2021	3,843	1,676	(1,476)	4,043
Remeasurements of defined benefit obligations:				
- Actuarial gains	-	-	34	34
- Deferred taxes thereon	-	-	(12)	(12)
Balance at 31 December 2021	**3,843**	**1,676**	**(1,454)**	**4,065**

These reserves are non-distributable.

Adjustments relating to non-controlling interests
The adjustments relating to non-controlling interests reflect the excess of the purchase consideration paid to acquire non-controlling interests in Group entities over the net carrying amount of such non-controlling interests in the consolidated financial statements. These adjustments also comprise the effects of a deemed acquisition of a further non-controlling stake in a subsidiary, representing the difference between the share of capital increase attributable to non-controlling interest and the carrying amount of non-controlling interest acquired.

An adjustment representing the difference between proceeds received on disposal of non-controlling stake in a subsidiary and the non-controlling interests recognised upon disposal is also reflected within this item.

Property revaluation reserve
The revaluation reserve relates to fair valuation of the land and buildings component of property, plant and equipment, and the balance represents the cumulative net increase in fair value of such property, net of related deferred tax.

Merger reserve
The merger reserve represents amounts arising on the merger of a subsidiary with the Company.

Other reserves
A reserve amounting to €690,000 arose on the reorganisation of the subsidiaries of Cablenet, which have been merged with Cablenet.

The other reserves also reflect the impact of actuarial gains and losses recognised in other comprehensive income in respect of provisions for pensions (Note 21) in accordance with the Group's accounting policy.

19. Borrowings

	Group		Company	
	2021	2020	**2021**	2020
	€000	€000	**€000**	€000
Non-current liabilities				
Bonds (i)	**98,500**	39,336	**59,172**	-
Secured bank loans (ii)	**23,188**	52,167	**19,644**	48,640
	121,688	91,503	**78,816**	48,640
Current liabilities				
Secured bank loans (ii)	**5,306**	9,787	**5,314**	9,787
Bank overdrafts (iii)	**712**	568	**227**	3
	6,018	10,355	**5,541**	9,790
Total borrowings	**127,706**	101,858	**84,357**	58,430

Group			**2021**		2020	
	Currency	**Year of maturity**	**Face value €000**	**Carrying amount €000**	Face value €000	Carrying amount €000
4% Bond	euro	2030	**40,000**	**39,328**	40,000	39,336
3.5% Bond	euro	2031	**60,000**	**59,172**	-	-
			100,000	**98,500**	40,000	39,336
Bank loans						
Loan 1	euro	2024		13,337	15,800	15,779
Loan 2	euro	2021	-	-	500	500
Loan 3	euro	2023	-	-	4,400	4,388
Loan 4	euro	2023	4,190	4,190	5,200	5,200
Loan 5	euro	2025	7,438	7,431	11,688	11,678
Loan 6	euro	2026	-	-	16,000	15,882
Loan 7	euro	2025	-	-	5,000	5,000
Loan 8	euro	2030	3,600	3,536	3,600	3,527
			28,578	**28,494**	62,188	61,954

19. **Borrowings** - continued

Company

	Currency	Year of maturity	2021 Face value €000	2021 Carrying amount €000	2020 Face value €000	2020 Carrying amount €000
3.5% Bond	euro	2031	**60,000**	**59,172**	-	-

	Currency	Year of maturity	2021 Face value €000	2021 Carrying amount €000	2020 Face value €000	2020 Carrying amount €000
Bank loans						
Loan 1	euro	2024	13,350	13,337	15,800	15,779
Loan 2	euro	2021	-	-	500	500
Loan 3	euro	2023	-	-	4,400	4,388
Loan 4	euro	2024	4,190	4,190	5,200	5,200
Loan 5	euro	2025	7,438	7,431	11,688	11,678
Loan 6	euro	2026	-	-	16,000	15,882
Loan 7	euro	2025	-	-	5,000	5,000
			24,978	**24,958**	58,588	58,427

The grossed up effects of proceeds from bank loans and repayments of bank loans are reflected on the face of the statements of cash flows.

(i) Bonds

The €40,000,000 bonds issued by the Group's Cypriot subsidiary Cablenet, in terms of the Prospectus dated 21 July 2020, comprise 40,000 bonds with a nominal value of €1,000 each. The carrying amount as at 31 December 2021 is net of unamortised issue costs amounting to €672,000, with the gross amount of issue costs of €689,000. These bonds are unsecured, subject to a fixed interest rate of 4% and are repayable on 19 August 2030. On 21 August 2021 the bonds have been admitted to listing on the official list of the Malta Stock Exchange and trading commenced as from 24 August 2020. The quoted market price of the bonds as at 31 December 2021 was €102.5.

On 13 May 2021, GO submitted an Application for Authorisation for Admissibility to Listing to the Listing Authority requesting the approval of a prospectus in relation to a proposed public issue in Malta of 3.5% unsecured bonds with an aggregate principal amount of up to €60 million which comprise 60,000 bonds with a nominal value of €1,000 each. The carrying amount as at 31 December 2021 is net of unamortised issue costs amounting to €828,000, with the gross amount of issue costs of €872,000. The bond is repayable on 25 June 2031. On 25 May 2021, the Authority approved the Prospectus relating to the Bond Issue and the admissibility to listing of the Bonds pursuant to the Capital Market Rules. On 25 June 2021 the bonds have been admitted to listing on the official list of the Malta Stock Exchange and trading commenced on 6 July 2021. The quoted market price of the bonds as at 31 December 2021 was €103.0.

19. **Borrowings** - continued

	Group		Company	
	2021	2020	**2021**	2020
	€000	€000	**€000**	€000
Gross proceeds				
Balance at 1 January	**40,000**	-	**-**	-
40,000 4% bonds 2030	**-**	40,000	**-**	-
60,000 3.5% bonds 2031	**60,000**	-	**60,000**	-
Balance at 31 December	**100,000**	40,000	**60,000**	-
Issue costs: gross amounts	**1,572**	689	**872**	-
Accumulated amortisation				-
Balance at 1 January	**25**	-	**-**	-
Amortisation for the year	**47**	25	**44**	-
Balance at 31 December	**72**	25	**44**	-
Unamortised issue costs	**1,500**	664	**828**	-
Carrying amount as at 31 December	**98,500**	39,336	**59,172**	-

(ii) Secured bank loans

All the Group's bank loans are term loans with scheduled repayments. The Company's bank loans are subject to financial covenants and are secured by hypothecs over the present and future assets of the Company.

Loans 1 and 5 (2020: Loans 1, 2 and 5) are subject to a floating interest rate computed using 3-month Euribor.

Loans 4 and 8 (2020: Loans 3, 4, 6 and 8) are subject to fixed rates of interest. Loan 7, which was fully paid during the current year, was subject to a fixed rate of interest for a period of two years up to 2025, beyond which a variable rate of interest was to be charged.

Loan 8 attributable to a subsidiary is secured by the subsidiary's current and future assets (including the acquired property).

As at 31 December 2021, the Group had unutilised bank loan facility amounting to €9,400,000 (2020: €37,400,000)

The weighted average effective interest rates of the bank loans as at the end of the reporting period are as follows:

	Group		Company	
	2021	2020	**2021**	2020
	%	%	**%**	%
Bank loans	**2.48**	2.32	**2.48**	2.13

19. Borrowings - continued

(iii) Bank overdrafts

Bank overdrafts also include factoring facilities of a subsidiary. The Group's and Company's banking facilities at 31 December 2021 amounted to €15,000,000 (2020: €15,000,000) and €11,000,000 (2020: €11,000,000) respectively. The Company's facilities are secured by hypothecs over the present and future assets of the Company. The subsidiary's facilities are secured by guarantees and mortgages on the immovable property of entities which are related to the minority shareholder of the subsidiary.

As at 31 December 2021 and 2020, the Group's and Company's facilities were mainly subject to a floating interest rate linked to the bank's base rate.

The weighted average effective interest rates as at 31 December are as follows:

	Group		**Company**	
	2021 %	2020 %	**2021 %**	2020 %
Bank overdrafts	**2.33**	1.85	**2.45**	2.45

20. Lease liabilities

The lease liabilities associated with the recognised right-of-use assets are analysed below:

	Group		**Company**	
	2021 €000	2020 €000	**2021 €000**	2020 €000
Non-current				
Properties	**16,198**	26,198	**11,143**	21,535
Equipment and motor vehicles	**1,122**	1,647	**1,041**	730
Spectrum licences	**11,121**	12,718	**11,015**	12,718
	28,441	40,563	**23,199**	34,983
Current				
Properties	**2,820**	3,225	**1,670**	2,300
Equipment and motor vehicles	**716**	695	**477**	294
Spectrum licences	**1,970**	2,352	**2,075**	2,352
	5,506	6,272	**4,222**	4,946
Total lease liabilities	**33,947**	46,835	**27,421**	39,929

Extension options in property and motor vehicle leases have been included in the lease liability as the lease term reflects the exercise of such options.

As at 31 December 2021, potential future cash outflows of €7,396,000 (2020: €7,349,000) (undiscounted) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

20. Lease liabilities - continued

The total cash outflows for leases in 2021 was €7,016,000 and €5,511,000 (2020: €6,689,000 and €5,131,000) for the Group and the Company respectively. The contractual undiscounted cash flows attributable to lease liabilities as at 31 December 2021 are analysed in Note 2.1.c.

Included in lease liabilities for properties are amounts of €12,969,000 (2020: €23,895,000) and €11,701,000 (2020: €22,574,000) for the Group and Company respectively, which are attributable to arrangements with related parties.

The movement in the carrying amount of these liabilities is analysed in the following table:

	Group		Company	
	2021	2020	**2021**	2020
	€000	€000	**€000**	€000
At 1 January	**46,835**	50,009	**39,929**	41,781
Additions	**2,233**	1,907	**1,081**	1,114
Payments	**(7,016)**	(6,689)	**(5,492)**	(5,131)
Impacts of reassessment of lease term, in respect of extensions (see Note 6)	**(9,294)**	-	**(9,294)**	-
Impact of derecognition of leased assets	**(228)**	(769)	**-**	-
Impacts of reassessment of lease payments based on an index	**145**	919	**117**	919
Interest charge	**1,272**	1,458	**1,080**	1,246
At 31 December	**33,947**	46,835	**27,421**	39,929

21. Provisions for pensions

The provision of telephone, telex, radio and cable services in Malta was nationalised in 1975 through the enactment of the Telemalta Corporation Act. The Company (in the form of Telemalta Corporation, its predecessor in title) committed itself to take over the employees of Cable and Wireless as part of this nationalisation process. As a result, the Company also committed itself to set up a pension scheme in favour of these employees. Additionally, this commitment was extended to some employees where a pension obligation was expressly agreed as part of their terms of employment.

Following a judgement by the Court of Appeal on 7 July 2008, the Company was required to set up the pension scheme in favour of ex-Cable and Wireless employees, with an effective date of 1 January 1975 and set up in a manner similar to that prescribed by the Pensions Ordinance, 1937. A pension scheme set up in accordance with this Ordinance falls under the category of a defined benefit plan within the scope of IAS 19, '*Employee Benefits'*.

GO submitted an application to the Malta Financial Services Authority (MFSA) as the pensions' regulator detailing the measures planned by the Company to implement the scheme. Following the issue of the Special Funds (Regulation) Act (Retirement Schemes Exemption) Regulations, 2009 by the MFSA on 5 June 2009, the Company established the scheme on 1 July 2009 with effect from 1 January 1975.

Subsequent to the setting up of the scheme, the Company offered a number of beneficiaries a one-time lump sum settlement in lieu of joining the scheme. Until 31 December 2021, a significant number of beneficiaries have taken up this offer. As at 31 December 2021, the Company estimated that its obligations towards the remaining potential beneficiaries amounted to €4,449,000 (2020: €5,170,000).

21. **Provisions for pensions** - continued

In view of the extent of the remaining potential beneficiaries, the Company has not considered it necessary to engage actuaries. The Company has measured its retirement benefit obligations using the accounting rules applicable to defined benefit plans.

A defined benefit plan defines an amount of pension benefit that an employee will receive on retirement. In GO's case, as originally provided for in the terms of employment, this amount is dependent on an employee's final compensation upon retirement, as well as completed months of service. Furthermore, qualifying employees must have worked for the Company for a minimum of 10 years, and must have remained in service with the Company until retirement (the vesting period), in order to be unconditionally eligible to receive a pension under the scheme.

As at 31 December, the Company estimates the present value of the benefit obligation as follows:

	Group and Company	
	2021	2020
	€000	€000
Carrying amount of pension obligations	**4,449**	5,170

The Company's scheme is unfunded and the amounts in the statement of financial position reflect essentially the present value of the unfunded obligations. The movement in the defined benefit obligations throughout the year is analysed as follows:

	Group and Company	
	2021	2020
	€000	€000
At 1 January	**5,170**	5,168
Actuarial (gains)/losses – attributable to financial assumptions	**(34)**	82
Settlements paid	**(80)**	(80)
Reversal of provisions no longer required	**(607)**	-
At 31 December	**4,449**	5,170

The provision is analysed in the statement of financial position as follows:

	Group and Company	
	2021	2020
	€000	€000
Non-current	**1,524**	1,862
Current	**2,925**	3,308
	4,449	5,170

21. **Provisions for pensions** - continued

The amounts recognised in profit or loss are as follows:

	Group and Company	
	2021	2020
	€000	€000
Reversal of provisions no longer required	**607**	-

The amounts recognised in other comprehensive income are as follows:

	Group and Company	
	2021	2020
	€000	€000
Actuarial gains/(losses)	**34**	(82)

The key assumptions used were as follows:

Discount rates
The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rate yields of Malta Government Stocks that have terms to maturity approximating to the terms of the related pension liability. As at 31 December 2021, the weighted average discount rate used was 0.82% (2020: 0.41%).

Mortality assumptions
Assumptions regarding future mortality experience are based on published mortality tables in the UK and in Malta, which translate into an average life expectancy ranging between 84 and 98 years depending on age and gender of the beneficiaries.

Other assumptions comprise:

Future salary increases
GO's employees are remunerated on the basis of salary scales in accordance with collective agreements. Future salary increases have been estimated on a basis consistent with the natural progression of an employee's salary in line with the Company's salary scales, past experience and market conditions.

21. Provisions for pensions - continued

The sensitivity of the pension obligation to changes in the key assumptions is disclosed below:

		Impact on defined benefit obligation	
2021	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1.0%	decrease of 2.23%	increase of 2.5%
		Increase by 1 year in assumption	Decrease by 1 year in assumption
Life expectancy		increase of 3.04%	decrease of 3.06%
2020	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1.0%	decrease of 2.64%	increase of 2.93%
		Increase by 1 year in assumption	Decrease by 1 year in assumption
Life expectancy		increase of 3.09%	decrease of 3.12%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the pension obligation to significant actuarial assumptions the same method has been applied as when calculating the pension liability recognised within the statement of financial position.

22. Trade and other payables

	Group		Company	
	2021	2020	**2021**	2020
	€000	€000	**€000**	€000
Non-current				
Trade payables	**8,019**	2,419	**-**	-
Contract liabilities	**3,418**	5,602	**521**	602
Amounts owed to related party	**2,322**	2,322	**-**	-
	13,759	10,343	**521**	602
Current				
Trade payables	**19,550**	24,609	**8,300**	9,137
Other payables	**1,974**	1,560	**1,351**	1,200
Indirect tax payable	**8,298**	7,082	**5,567**	4,706
Contract liabilities	**22,887**	13,148	**14,683**	5,196
Accruals	**20,750**	15,764	**17,073**	13,135
	73,459	62,163	**46,974**	33,374

Included within non-current and current trade payables are amounts of €8,019,000 and €4,761,000 (2020: €2,419,000 and €4,724,000) respectively in relation to broadcasting rights for sports activities pertaining to Cablenet. The subsidiary has the contractual rights to broadcast all the home football matches of certain football clubs in Cyprus. In June and November 2021, the entity communicated its intentions to renew the contracts for an additional 24 month period expiring on 31 May 2024. This liability represents the present value of the estimated future contractual payments, recognised as a financial liability at amortised cost, using the principal weighted average incremental borrowing rate. Additions during the current year amounted to €10,906,000 utilising a weighted average incremental borrowing rate of 4%, whereas a rate of 2.32% has been utilised for the liability reflected as at 31 December 2020.

Contract liabilities categorised under prepaid and deferred income include current amount of €3,496,000 (2020: current amount of €5,182,000 and non-current amount of €2,359,000) in relation to the agreements entered into by the Cypriot subsidiary with two other telecom operators in Cyprus holding Cypriot and international football rights for Cyprus, referred to in Note 15. This amount covers the remaining income arising from this agreement up to 31 July 2022.

The non-current amounts owed to related party are due to the non-controlling shareholder of a subsidiary in respect of dividends, which shareholder has confirmed that no amount will be claimed until the subsidiary's financial position allows it. Amounts owed to related parties are unsecured and interest-free.

22. Trade and other payables - continued

The following tables analyse the changes in contract liabilities during the years ended 31 December 2021 and 31 December 2020:

Group	As at 1 January 2020	Business related variations		As at 31 December 2020
	€000	€000		€000
Contract liabilities				
Prepaid and deferred income	2,615	7,451		10,066
Revenue allocated to wholesale traffic in view of discounting arrangements	1,026	(567)		459
Others	-	602		602
		Originations	Utilisation	
		€000	€000	
Attributable to free credits under subscriber agreements	2,535	2,124	(1,711)	2,948
Deposits received in advance from customers	4,629	1,076	(1,030)	4,675
Total contract liabilities	10,805			18,750

	As at 1 January 2021	Business related variations		As at 31 December 2021
	€000	€000		€000
Contract liabilities				
Prepaid and deferred income	10,066	6,323		**16,389**
Revenue allocated to wholesale traffic in view of discounting arrangements	459	512		**971**
Others	602	521		**1,123**
		Originations	Utilisation	
		€000	€000	
Attributable to free credits under subscriber agreements	2,948	1,834	(1,868)	**2,914**
Deposits received in advance from customers	4,675	1,396	(1,163)	**4,908**
Total contract liabilities	18,750			**26,305**

22. **Trade and other payables** - continued

Company	As at 1 January 2020	Business related variations		As at 31 December 2020
	€000	€000		€000
Contract liabilities				
Prepaid and deferred income	2,255	(466)		1,789
Revenue allocated to wholesale traffic in view of discounting arrangements	1,026	(567)		459
Others	-	602		602
		Originations	Utilisation	
		€000	€000	
Attributable to free credits under subscriber agreements	2,535	2,124	(1,711)	2,948
Total contract liabilities	5,816			5,798

	As at 1 January 2021	Business related variations		As at 31 December 2021
	€000	€000		€000
Contract liabilities				
Prepaid and deferred income	1,789	8,407		**10,196**
Revenue allocated to wholesale traffic in view of discounting arrangements	459	512		**971**
Others	602	521		**1,123**
		Originations	Utilisation	
		€000	€000	
Attributable to free credits under subscriber agreements	2,948	1,834	(1,868)	**2,914**
Total contract liabilities	5,798			**15,204**

Contract liabilities recognised in revenue during 2021

Revenue recognised in profit or loss during the financial year ended 31 December 2021 that was included in the balances of contract liabilities (prepaid and deferred income) as at 31 December 2020 amounted to €7,940,000 (2020: €1,923,000) and €1,304,000 (2020: €1,710,000) for the Group and the Company respectively.

23. Revenue

The Group's turnover is generated in Malta and Cyprus and further information on the activities within the different markets is reflected in Note 4 'Segment information'. The Group's turnover is analysed as follows:

	Group		Company	
	2021	2020	**2021**	2020
	€000	€000	**€000**	€000
Category of activity				
Telecommunication and data centre services	**173,980**	166,768	**107,148**	106,160
Sale of goods	**8,209**	8,026	**6,929**	7,020
Other services and sundry revenues	**11,477**	10,379	**3,611**	3,635
	193,666	185,173	**117,688**	116,815

The Group's revenue reflected in the table above consists predominantly of revenue from contracts with customers.

	Group		Company	
	2021	2020	**2021**	2020
	€000	€000	**€000**	€000
Timing of revenue recognition				
At a point in time	**32,111**	31,039	**28,044**	28,627
Over time	**161,555**	154,134	**89,644**	88,188
	193,666	185,173	**117,688**	116,815

Unfulfilled performance obligations

The following table presents the transaction price assigned to unfulfilled performance obligations as at 31 December. Unfulfilled performance obligations are the services that the Group is obliged to provide to customers during the remaining fixed term of the contract. As allowed by the simplification procedure in IFRS 15, these disclosures are only related to performance obligations with an initial term greater than one year.

On the allocation of the total contract transaction price to identified performance obligations, a portion of the total transaction price can be allocated to performance obligations that are unsatisfied or partially satisfied at the end of the reporting period. As outlined previously, GO has elected to apply certain available practical expedients when disclosing unfulfilled performance obligations, including the option to exclude expected revenues from unsatisfied obligations of contracts with an original expected duration of one year or less.

23. Revenue - continued

	Group		Company	
	2021	2020	**2021**	2020
	€000	€000	**€000**	€000
Less than 1 year	**59,163**	56,313	**25,051**	26,389
Between 1 and 2 years	**18,341**	16,623	**11,670**	6,993
	77,504	72,936	**36,721**	33,382

Accordingly, during the year ended 31 December 2021, the Group and the Company recognised revenue amounting to €56,313,000 and €26,389,000 (2020: €40,006,000 and €19,751,000) respectively, relating to performance obligations that were unsatisfied or partially satisfied at the end of the previous reporting period as reflected within the table above.

24. Expenses by nature

	Group		Company	
	2021	2020	**2021**	2020
	€000	€000	**€000**	€000
Cost of goods sold	**9,635**	9,450	**6,809**	7,304
Third party network charges, content costs and other direct costs	**52,154**	49,436	**29,013**	28,792
Employee benefit expense (Note 25)	**34,784**	37,326	**22,988**	27,431
Depreciation of property, plant and equipment (Note 5)	**32,393**	31,916	**21,321**	21,434
Depreciation of right-of-use assets (Note 6)	**6,071**	5,979	**4,704**	4,534
Amortisation of intangible assets (Note 7)	**11,242**	12,910	**2,853**	2,798
Movement in provisions and write-offs relating to inventories (Note 14)	**282**	96	**255**	67
Movement in credit loss allowances in respect of trade and other receivables (Note 15)	**1,449**	561	**957**	50
Bad debts written off	**650**	1,452	**676**	996
Expense relating to short-term leases	**3,821**	1,794	**1,224**	1,580
Other	**18,738**	14,081	**9,441**	6,471
Total cost of sales, administrative and other related expenses	**171,219**	165,001	**100,241**	101,457

24. **Expenses by nature** - continued

24.1 Items of an unusual nature, size or incidence reflected within profit or loss

The following items of an unusual nature, size or incidence have been reflected within profit or loss during the current year:

	Group		**Company**	
	2021	2020	**2021**	2020
	€000	€000	**€000**	€000
Non-recurring items within:				
Administrative and other related expenses				
Voluntary retirement costs (Note 25)	**1,151**	4,978	**1,151**	4,978
Movement in provisions for pensions (Note 21)	**(607)**	-	**(607)**	-
Reversal of unclaimed amounts	**-**	(1,518)	**-**	(1,518)

The Company continued with its right-sizing programme by offering voluntary retirement schemes to its employees.

The reversal of unclaimed amounts referred to in the table above, was attributable to the fact that according to the Group, the obligation specified in a specific arrangement had expired and accordingly the amounts in question were not deemed due or claimable.

Auditor's fees

Fees charged by the parent company auditor for services rendered during the financial years ended 31 December 2021 and 2020 relate to the following:

	Group		**Company**	
	2021	2020	**2021**	2020
	€000	€000	**€000**	€000
Annual statutory audit	**190**	190	**160**	160
Other assurance services	**80**	80	**80**	80
Other non-audit services	**98**	38	**98**	17
	368	308	**338**	257

24. Expenses by nature - continued

Audit fees attributable to subsidiaries charged by other auditors during the year ended 31 December 2021 amounted to €3,000 (2020: €30,000).

The following non-audit services have been provided by the auditor to the Company:

	Group		Company	
	2021	2020	**2021**	2020
	€000	€000	**€000**	€000
Advisory services in respect of a capital markets transaction	**76**	-	**76**	-
Tax advisory and compliance services	**22**	38	**22**	17
	98	38	**98**	17

During the current year fees in relation to statutory audit/assurance and non-assurance services amounting to €45,000 and €74,000 respectively have been charged by another member firm belonging to the same network of the Company's auditor to two subsidiaries, and fees amounting to €170,000 and €152,000 have been charged by connected undertakings of the Company's auditor to the Group and the Company respectively, in respect of advisory services in respect of capital markets transactions and tax advisory and compliance services.

25. Employee benefit expense

	Group		Company	
	2021	2020	**2021**	2020
	€000	€000	**€000**	€000
Wages and salaries	**38,025**	36,331	**24,561**	24,632
Social security costs	**2,748**	2,552	**1,498**	1,629
Capitalised labour costs	**(6,533)**	(6,535)	**(3,615)**	(3,808)
	34,240	32,348	**22,444**	22,453
Voluntary retirement costs	**1,151**	4,978	**1,151**	4,978
Movement in provisions for pensions	**(607)**	-	**(607)**	-
Total employee benefit expense	**34,784**	37,326	**22,988**	27,431

25. Employee benefit expense - continued

Wages, salaries and social security costs, other than those relating to capital projects, are allocated between operational expenses (included within 'cost of sales') and 'administrative expenses' as follows:

	Group		Company	
	2021	2020	**2021**	2020
	€000	€000	**€000**	€000
Operational expenses	**6,953**	7,095	**3,402**	4,036
Administrative and other related expenses	**27,831**	30,231	**19,586**	23,395
	34,784	37,326	**22,988**	27,431

The average number of persons employed by the Group and the Company during the year, including part-timers and students, amounted to 1,179 (2020: 1,213) and 748 (2020: 792) respectively. The number of persons employed by the Group and the Company, including part-timers and students, at the end of the year was as follows:

	Group		Company	
	2021	2020	**2021**	2020
Operational	**302**	282	**264**	244
Management and administration	**844**	895	**451**	512
	1,146	1,177	**715**	756

26. Directors' emoluments

	Group		Company	
	2021	2020	**2021**	2020
	€000	€000	**€000**	€000
Fees	**272**	269	**272**	269

During the current year, subsidiary companies paid remuneration to their directors who do not form part of the Company's Board of Directors amounting to €741,000 (2020: €957,000), whereas amounts paid to directors who are also Directors of GO amounted to €93,000 (2020: €29,000).

Directors' emoluments are included within 'administrative and other related expenses'.

27. Other income

	Group		Company	
	2021	2020	**2021**	2020
	€000	€000	**€000**	€000
Rent receivable	**349**	383	**349**	383
Gain on reassessment of lease term in respect of right-of-use asset	**277**	-	**277**	-
Unrealised and realised operating exchange gains	**56**	110	**56**	102
Late payment charges	**275**	222	**275**	222
Others	**683**	542	**607**	516
	1,640	1,257	**1,564**	1,223

28. Other expenses

	Group		Company	
	2021	2020	**2021**	2020
	€000	€000	**€000**	€000
Unrealised and realised operating exchange losses	**55**	53	**6**	42
Others	**526**	52	**-**	93
	581	105	**6**	135

29. Finance income

	Group		Company	
	2021	2020	**2021**	2020
	€000	€000	**€000**	€000
Dividend income from subsidiaries	**-**	-	**4,668**	3,445
Bank interest receivable	**-**	1	**-**	-
Interest receivable from related parties	**-**	-	**-**	383
Late payment interest receivable	**301**	323	**301**	323
Other interest receivable	**76**	67	**35**	34
	377	391	**5,004**	4,185

30. Finance costs

	Group		Company	
	2021	2020	**2021**	2020
	€000	€000	**€000**	€000
Bank loan interest	**1,464**	1,441	**1,337**	1,145
Other bank interest and charges	**298**	50	**15**	25
Bond interest	**2,687**	583	**1,087**	-
Bond issue costs amortisation	**47**	25	**44**	-
Interest charges on lease liabilities	**1,272**	1,458	**1,080**	1,246
Other interest	**239**	332	**173**	50
	6,007	3,889	**3,736**	2,466

31. Tax expense

The Group's and the Company's tax expense recognised in profit or loss is analysed below:

	Group		Company	
	2021	2020	**2021**	2020
	€000	€000	**€000**	€000
Current tax				
Current tax expense	**7,356**	5,688	**5,889**	3,968
Current year adjustment in respect of prior years	**(361)**	(409)	**(361)**	(409)
Deferred tax				
Deferred tax expense (Note 13)	**440**	1,929	**1,128**	2,379
Current year adjustment in respect of prior years	**-**	(341)	**-**	(341)
Tax expense	**7,435**	6,867	**6,656**	5,597

The tax impacts, which are entirely attributable to deferred taxation, relating to components of other comprehensive income and accordingly presented directly in equity are as follows:

	2021			2020		
	Before tax	**Tax (charge)/ credit**	**Net of Tax**	Before tax	Tax (charge)/ credit	Net of tax
	€000	**€000**	**€000**	€000	€000	€000
Group and Company						
Remeasurements of defined benefit obligations	(34)	12	(22)	82	(29)	53

31. **Tax expense** - continued

The tax recognised in profit or loss on the Group's and the Company's profit before tax differs from the theoretical amount that would arise by applying the basic tax rate in Malta to the results of the consolidated entities as follows:

	Group		Company	
	2021 €000	2020 €000	**2021 €000**	2020 €000
Profit before tax	**17,876**	20,928	**20,273**	21,267
Tax on profit at 35% applicable to taxable profits in Malta	**6,257**	7,325	**7,095**	7,443
Tax effect of:				
Expenses and losses disallowed for tax purposes	**156**	670	**28**	-
Different tax rate applied to taxable income attributable to subsidiary (see below)	**1,466**	752	**-**	-
Income taxed at different rate	**(23)**	(23)	**(23)**	(23)
Gain on disposal of other investment	**-**	(1,085)	**-**	(1,085)
Over provision in prior year	**(361)**	(750)	**(361)**	(750)
Others	**(60)**	(22)	**(83)**	12
Tax expense	**7,435**	6,867	**6,656**	5,597

The tax rate applied to taxable profits attributable to a subsidiary registered in Cyprus, Cablenet, is 12.5%.

32. **Earnings per share**

Earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Group	
	2021	2020
Profit attributable to equity holders of the Company (€000)	**9,913**	13,297
Weighted average number of shares in issue (thousands) (Note 17)	**101,310**	101,310
Earnings per share (euro cent)	**9c8**	13c3

The Company has no instruments or arrangements which give rise to potential ordinary shares and accordingly diluted earnings per share is equivalent to basic earnings per share.

33. Dividends

	Company	
	2021	2020
	€000	€000
Net dividends paid on ordinary shares	**16,210**	10,131
Dividends per share (euro cent)	**16c0**	10c0

During 2021, the Board approved a net interim dividend of €0.07 per share amounting to €7,091,734.

A net dividend in respect of the year ended 31 December 2021 of €0.09 (2020: €0.16) per share, amounting to €9,117,944 (2020: €16,209,678), is to be proposed by the Board of Directors at the forthcoming Annual General Meeting. The financial statements do not reflect this proposed dividend, which, subject to the approval by the shareholders, will be accounted for within shareholders' equity as an appropriation of retained earnings in the year ending 31 December 2022.

34. Cash generated from operations

Reconciliation of operating profit to cash generated from operations:

	Group		Company	
	2021	2020	**2021**	2020
	€000	€000	**€000**	€000
Operating profit	**23,506**	21,324	**19,005**	16,446
Adjustments for:				
Depreciation and amortisation	**49,706**	50,805	**28,878**	28,766
Net movement in provisions and write-downs in relation to receivables and inventories	**2,381**	2,109	**1,888**	1,113
Voluntary retirement costs	**1,151**	4,978	**1,151**	4,978
Reversal of unclaimed amounts	**-**	(1,518)	**-**	(1,518)
Movement in provisions for pensions	**(607)**	-	**(607)**	-
Changes in working capital:				
Inventories	**(2,454)**	(249)	**(2,341)**	4
Trade and other receivables	**(3,761)**	(8,257)	**(5,939)**	(480)
Trade and other payables	**7,155**	4,859	**14,018**	(1,625)
Group undertakings' balances	**-**	-	**(1,083)**	(859)
Cash generated from operations	**77,077**	74,051	**54,970**	46,825

35. Operating lease and other related commitments

(a) Operating leases – where the Group/the Company is the lessee

The Group and the Company lease various premises and other assets under operating leases.

During the current year, operating lease payments amounting to €3,821,000 (2020: €1,794,000) for the Group and €1,224,000 (2020: €1,580,000) for the Company, were recognised as an operating expense in profit or loss.

(b) Operating leases – where the Group/the Company is the lessor

The Group and the Company lease out certain premises and plant and equipment under operating leases. As at 31 December 2021 and 2020, the Group and the Company were also party to a non-cancellable operating lease agreement for an indefinite period with an annual lease amount receivable of €235,000 (2020: €225,000). During the current year, amounts of €349,000 (2020: €383,000) for the Group and Company, were recognised as rental income in profit or loss within other operating income.

(c) Other related commitments

Additionally, as at 31 December 2021 the Company had commitments in relation to operating and maintenance fees from 2022 to 2044 amounting to €28,481,000 (2020: €3,477,000), which amounts include aggregate annual maintenance costs related to the PEACE submarine cable of €11,616,000 over a period of 25 years and €4,060,000 relating to the 5G network over a period of 8 years. Commitments as at 31 December 2021 in respect of TV content fees from 2022 to 2024 amount to €4,607,000 (2020: €5,134,000).

A subsidiary had commitments in relation to the payment of operating and maintenance fees from 2022 to 2047 amounting to €13,884,000 (2020: €12,331,000), software maintenance fees and annual support cost from 2022 to 2026 amounting to €16,155,000 (2020: €9,616,000), TV content fees from 2022 to 2024 of €7,134,000 (2020: €17,232,000), cost of sports and production expense from 2022 to 2024 of €1,921,000 (2020: €2,921,000) and sponsorships to sports clubs from 2022 to 2023 of €220,000 (2020: €51,000).

36. Capital and other related commitments

	Group		Company	
	2021	2020	**2021**	2020
	€000	€000	**€000**	€000
Contracted for:				
Property, plant and equipment	**8,764**	7,954	**6,770**	3,373
Intangible assets (Notes 15, 20)	**15,082**	22,692	**1,855**	7,128
Authorised but not contracted for:				
Property, plant and equipment	**11,582**	6,352	**11,582**	6,352
	35,428	36,998	**20,207**	16,853

On 19 December 2020 GO announced that it had executed an agreement with a third party which is working towards constructing, maintaining and commercialising an extension trunk system on/to a new, state-of-the-art and high-speed fibre optic submarine cable system with branches to a number of countries. In terms of this agreement, GO will acquire the title and ownership and/or indefeasible right of use of submarine and land infrastructure connecting Malta to France and Egypt as well as associated operational and maintenance services, subject to the terms and conditions of the agreement.

37. Contingencies

The contingencies of the Group and the Company are listed below:

(a) Contingent liabilities arising in the ordinary course of business

As a result of its operations and activities in the ordinary course of the Group's business, the Group has, as at 31 December 2021, contingent liabilities arising from:

- guarantees in favour of third parties and performance bonds given amounting to €12,428,000 (2020: €7,295,000);
- actual or potential claims and litigation arising from provision of services, acquisition of goods and services by the Group and other legal issues;
- a case requesting the Commission of Fair Trading to investigate alleged abusive prices for the provision of IP Transit and ADSL services; and
- claims by a restricted number of employees;

in respect of which no losses which are deemed material, individually or in aggregate, in the context of understanding the Group's financial results and financial position, are expected.

At the end of the reporting period, the Group had a contingent liability arising from an overseas court judgement requiring that a Group company implements measures to prevent a specific client from providing certain services. The company was ordered to pay for the costs of the court proceedings and to pay a fine of €100,000 per day subsequent to service of the said judgement, unless and until the company complies with it. On the basis of legal advice obtained by the Group, the company has not yet been correctly served with the judgement and, additionally, the judgement can be enforced in Malta only in the event that it is declared enforceable by the Courts in Malta. This legal advice obtained by the Group highlights serious doubts on the enforceability of the overseas court judgement in Malta and accordingly no provision has been recognised as the Directors are of the opinion that a cash outflow is not probable.

Another overseas court proceeding had been instituted against the same Group company with respect to similar claims in relation to services provided to another client. Until the date of authorisation for issue of these financial statements, no judgement has been delivered by the court. No provision for expected losses was deemed necessary by the Directors as at the end of the reporting period taking cognisance of legal advice received.

(b) Contingencies relating to pension liabilities

As disclosed in Note 21, GO was required to set up a pension scheme in favour of its eligible employees and former employees. Further claims in respect of pension payment obligations have been made by a number of former and current employees of the Company. However, the Directors have considered legal advice obtained and are of the opinion that an outflow of resources, beyond provisions already accounted for by the Company, is not probable.

In this respect the Group has not disclosed additional information related to this contingent liability in accordance with IAS 37, '*Provisions, Contingent Liabilities and Contingent Assets'* on the grounds that disclosure may be seriously prejudicial to the Group's interests.

37. Contingencies - continued

(c) Guarantees to secure banking facilities

A subsidiary of the Company has given guarantees to bankers in favour of related parties so as to secure the related parties' banking facilities. The maximum exposure arising from these guarantees amounts to €1,207,000 (2020: €1,167,000). Other guarantees issued in favour of bankers of another subsidiary, for facilities provided, amounted to €3,600,000 (2020: €3,600,000). The Directors do not expect any losses to occur in this respect.

38. Related party transactions

The Company and its subsidiaries have a related party relationship with Société Nationale des Télécommunications, the Company's ultimate parent (Note 40), related entities ultimately controlled by Société Nationale des Télécommunications, together with the Company's Directors (key management personnel). Dubai Holding LLC (GO's former ultimate parent) and all entities ultimately controlled by it are still considered to be related parties, in view of Dubai Holding LLC's interest in, and significant influence on, GO's current ultimate parent.

Malta Properties Company p.l.c. was considered a related party during the years ended 31 December 2021 and 2020, since its ultimate parent is Dubai Holding LLC, which exerts significant influence on GO's ultimate parent, as referred to above.

The following principal transactions, which were carried out with related parties, have a material effect on the operating results and financial position of the Group and Company:

	Group		Company	
	2021 **€000**	2020 €000	**2021** **€000**	2020 €000
Current ultimate parent and related entities				
Dividends paid to	**15,239**	6,628	**15,239**	6,628
Former ultimate parent and related entities				
Operating lease charges recognised in profit or loss	**72**	413	**72**	413
Payments relating to leases treated in accordance with IFRS 16 requirements	**2,419**	2,244	**2,437**	2,244

In view of the requirements of IFRS 16, the Group recognised lease liabilities in respect of lease arrangements with related parties (refer to Note 20).

38. Related party transactions - continued

	Company	
	2021	2020
	€000	€000
Subsidiaries		
Loans repaid by (at face value)	**-**	(7,000)
Services provided to	**1.802**	1,758
Services provided by	**1,354**	1,149
Interest received from	**-**	366
Dividends received from	**4,667**	3,445

The Company had indicated its intention to continue providing financial support to Cablenet, its subsidiary, to enable it to continue to grow its operations. At the end of the year, no losses are deemed probable or expected under this arrangement. During the year ended 31 December 2020, GO acquired an additional stake in the subsidiary, subsequent to which the Group held 62.2% of the issued share capital of Cablenet (refer to Note 8 for further disclosures on the transactions effected). During the current financial year ended 31 December 2021, GO acquired another stake of 1.21%, subsequent to which the Group held 63.4% of the subsidiary's issued share capital.

In the opinion of the Directors, disclosure of related party transactions, which are generally carried out on commercial terms and conditions, is only necessary when the transaction effected have a material impact on the operating results and financial position of the Group. The aggregate invoiced amounts in respect of a number of transaction types carried out with related parties are not considered material and accordingly they do not have a significant effect on these financial statements.

Except for remuneration payable (Note 26), the Group has not entered into material transactions with key management personnel which would warrant disclosure thereof for the purpose of understanding the Group's financial results or its financial position. Also, the Group has not entered into material transactions with entities in which the Group's key management personnel directly or indirectly have an interest or over which they have direct or indirect influence. Any such transactions would constitute normal operating transactions under normal market and commercial terms relating to provision of operational services by the Group, and would not comprise financing transactions.

Year-end balances with related parties, arising principally from the above transactions, are disclosed in Notes 11, 15, 20 and 22 to these financial statements.

39. Events after reporting period

On 23 March 2022, the Company has concluded a transaction that resulted in the subscription, by the Company, of 76% shareholding in Sens Innovation Group Limited (C101007) (“SENS”). The total consideration payable for the subscription of the shares is €1 million with the possibility of a further €1.85 million earnout depending on the performance of SENS over a three (3) year period. SENS is an energy management company that leverages proprietary IOT based technology to reduce energy consumption and associated costs for commercial buildings. It designs and builds customised solutions for clients that improve their business operations and efficiencies whilst also contributing to the environmental responsibilities that modern business governance and legislation demands. SENS serves large hotels and commercial clients in Malta, UK, mainland Europe and Dubai. Further to this strategic acquisition that further strengthens its investment in IoT as part of its drive to a digital Malta, the Company anticipates that new opportunities will come its way as it offers environmentally conscious energy saving solutions to companies in Malta, Cyprus and UK.

40. Statutory information

GO p.l.c. is a public limited liability company, with its ordinary shares listed on the Malta Stock Exchange, domiciled and incorporated in Malta. The Company’s ultimate parent is Société Nationale des Télécommunications (Tunisie Telecom), the registered office of which is situated at Tunisie Telecom Building, 1053 Jardins du Lac II, Tunis, Tunisia which owns 65.4% of the Company’s shares. The Company’s immediate parent is TT ML Limited, a fully owned subsidiary of Tunisie Telecom, established as a special purpose vehicle for the purpose of holding GO’s shares. The Tunisian Government holds a 65% shareholding in Tunisie Telecom, and Emirates International Telecommunications (EIT), a subsidiary of Dubai Holding LLC which is GO’s former ultimate parent, owns the other 35%.

Five-year record

	2021	2020	2019	2018	2017	2016
	€M	€M	€M	€M	€M	€M
Revenue	**193.7**	185.2	177.8	171.8	166.3	157.0
Results from operating activities	**23.5**	21.3	25.8	33.1	29.5	26.3
Profit before income tax	**17.9**	20.9	22.8	31.7	27.9	28.1
Profit for the year	**10.4**	14.1	13.0	20.4	18.0	20.3
Total assets	**368.6**	357.4	327.7	255.4	251.8	249.8
Total liabilities	**258.7**	231.0	202.2	135.3	136.7	140.6
Total equity	**109.9**	126.4	125.6	120.2	115.1	109.2
Operating cash flow	**67.9**	63.7	63.0	52.8	57.0	63.8
Investing cash flow	**(50.5)**	(57.7)	(0.9)	(39.7)	(33.9)	(35.5)
Financing cash flow	**(6.3)**	17.2	(58.2)	(15.3)	(19.2)	(22.1)
Earnings per share	**€0.10**	€0.13	€0.11	€0.19	€0.17	€0.18
Dividends per share	**€0.16**	€0.10	€0.14*	€0.14	€0.13	€0.11

* a payment of a special interim dividend of €0.41 per share was effected during the year ended 31 December 2019.

Independent auditor's report

To the Shareholders of GO p.l.c.

Report on the audit of the financial statements

Our opinion

In our opinion:

- The Group financial statements and Parent Company financial statements (the 'financial statements') give a true and fair view of the Group and the Parent Company's financial position of GO p.l.c. as at 31 December 2021, and of the Group's and the Parent Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU; and
- The financial statements have been prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

Our opinion is consistent with our additional report to the Audit Committee.

What we have audited

GO p.l.c.'s financial statements comprise:

- the Consolidated and Parent Company statements of financial position as at 31 December 2021;
- the Consolidated and Parent Company income statements and statements of comprehensive income for the year then ended;
- the Consolidated and Parent Company statements of changes in equity for the year then ended;
- the Consolidated and Parent Company statements of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

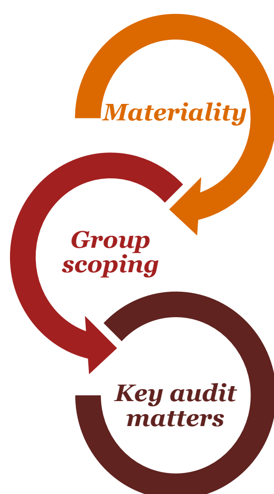
We are independent of the Group and the Parent Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with these Codes.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Parent Company and its subsidiaries are in accordance with the applicable law and regulations in Malta and that we have not provided non-audit services that are prohibited under Article 18A of the Accountancy Profession Act (Cap. 281).

The non-audit services that we have provided to the Parent Company and its subsidiaries, in the period from 1 January 2021 to 31 December 2021, are disclosed in Note 24 to the financial statements.

Our audit approach

Overview



- Overall group materiality: €950,000, which represents approximately 5% of profit before tax.

- The financial statements of the Parent Company and of 5 of the subsidiaries which are based in Malta have been audited by our audit team.
- The group engagement team performed a full scope audit on all components other than Cablenet Communications Systems p.l.c. and Connectedcare Limited, which were audited by other auditors.
- The group engagement team performed oversight procedures on the work of other auditors.

- Assessment of carrying amount of goodwill and intangible assets attributable to the Group
- Accuracy of the Company's revenue due to complex billing systems and revenue recognition

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall group materiality	€950,000
How we determined it	Approximately 5% of profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users and is a generally accepted benchmark. We chose 5% which is within the range of quantitative thresholds that we consider acceptable.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €47,500 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Assessment of carrying amount of goodwill and intangible assets attributable to the Group Goodwill with a carrying amount of €27.9 million and intangible assets having a carrying amount of €7.7 million as at 31 December 2021, have arisen from a number of acquisitions effected during the preceding financial years. An assessment is required annually to establish whether goodwill and intangible assets that have an indefinite useful life should continue to be recognised, or if any impairment is required. The assessment was performed at the lowest level at which the Group could allocate and assess goodwill, which is referred to as a cash generating unit (CGU). Goodwill and intangible assets arising from acquisitions have been allocated to the Group CGUs.	We evaluated the suitability and appropriateness of the impairment methodology applied and the discounted cash flow model as prepared by management or independent experts appointed by management. We assessed the methodology and assumptions used by utilising our independent valuation experts. The calculations used in the model were re-performed to check accuracy and the key inputs in the model were agreed to approved sources. Management's cash flow forecasts used in the model were assessed by:

The impairment assessment relied on the calculation of a value in use for each of the CGUs. This calculation was based on estimated future cash flows for each CGU, including assumptions around revenue growth, margins and EBITDA levels, discounted at an appropriate weighted average cost of capital. The Group used its business plan as the basis for the first 5 years of cash flows and then extrapolated returns into perpetuity using a terminal growth factor.

The assumptions supporting the underlying forecast cash flows reflect significant judgements as these are affected by unexpected future market or economic conditions. The estimation of future cash flows and the level to which they are discounted is inherently uncertain and requires judgement. The extent of judgement and the size of the goodwill and intangible assets resulted in this matter being identified as an area of audit focus.

Relevant references in the Annual Financial Report and Consolidated Financial Statements:

- Accounting policy: Note 1.6 and 1.7
- Note on intangible assets: Note 7
- Critical accounting estimates and judgements: Note 3.1

- testing that the forecasts agreed to the most recent business plan which had been approved by the Board of Directors;
- considering current year performance against plan and the reasons for any deviation also through discussion with management for each CGU; and
- assessing historical forecasting accuracy through back-testing by reviewing the historical achievement of the business plan given the uncertainties in forecasting, comparing the actual historical cash flow results with previous forecasts, including forecast profit margins to historical margins.

We also focused on understanding and challenging management's future plans for the CGUs and understanding the manner in which the related cash flow forecasts were drawn up. We benchmarked key assumptions in management's forecasts in respect of revenue growth, gross margins and EBITDA margins, to the extent practicable, to relevant economic and industry indicators, where possible.

Our independent valuation experts critically assessed the discount rate and terminal growth rate used in the discounted cash flow models.

The challenge of our valuation experts was focused on the methodology used to determine the discount rate utilised by each CGU by reference to the overall calculated cost of capital for the Group, and on which benchmarks were the most appropriate in determining the terminal growth rate of cash flows for each CGU. We independently calculated a weighted average cost of capital by making reference to market data and benchmarked the long-term growth rates to market data. We concluded that the parameters utilised by the Group were reasonable, given historic results, economic outlook, industry forecasts and other market data.

Our discussions with the Audit Committee in respect of this key audit matter focused on the key assumptions, both individually and when combined together. During these discussions, management confirmed their view that the forecast for each CGU remained appropriate and that the key assumptions were subject to oversight.

We assessed the sufficiency of the sensitivity analysis performed by management or independent experts appointed by the Group. Independent sensitivity analysis was performed, making adjustments to a

Key audit matter	How our audit addressed the key audit matter
	number of modelled assumptions simultaneously to identify any CGUs which were most sensitive to a change in value in use. We critically assessed whether or not a reasonably possible change to the assumptions could result in an impairment considering the sensitivity of the valuations to these assumptions. The deterioration in performance or long-term growth rate which would need to occur, or the increase in discount rate which would need to be applied to the model, that may lead to impairment in one or more CGUs is significant in view of the comfortable levels of headroom with respect to CGU carrying values. We determined that a movement in those key assumptions of this extent is unlikely. The value in use of the CGUs remains in excess of the carrying amounts by a comfortable headroom. The appropriateness of disclosures made in relation to goodwill and intangible assets was also reviewed.
Accuracy of the Company's revenue due to complex billing systems and revenue recognition The accuracy of revenue amounts recorded is an inherent industry risk. This is because telecoms billing systems are complex and process large volumes of data with a combination of different products sold and tariff changes during the year, through a number of different systems. The Company retails subscription packages to customers which include multiple elements and may include discounts and offers, such as services sold for a single package price. The allocation of revenue to each element of a bundled transaction is complex and requires judgement, as described in the Company's accounting policy in Note 1.20. There is a risk that inappropriate allocations could lead to non-compliance with accounting standards and inaccurate acceleration or deferral of revenue. Relevant references in the Annual Financial Report and Consolidated Financial Statements: Accounting policy: Note 1.20	We evaluated the relevant systems and the design of controls, and tested the operating effectiveness of automated and non-automated controls over the: • capture and recording of revenue transactions comprising services supplied to customers; • authorisation of tariff changes and the input of this information to the billing systems; and • calculation of amounts billed to customers. We also tested the accuracy of a sample of customer bills. We evaluated the Company's revenue recognition policy and management's current year assessment in respect of accounting for bundled transactions against relevant accounting standards and guidance taking cognisance of IFRS 15, 'Revenue from contracts with customers'. We tested the policy's application by: • performing tests to confirm our understanding of the process by which revenue is calculated by the relevant billing systems as reflected above; • performing an assessment of the different product bundles and offers made available to customers during the year and confirming the fair value of the different elements of these packages to appropriate evidence of fair value; • assessing whether revenue should be accelerated or deferred based on the relative fair value of elements delivered at different points during the contract,

	when compared to the revenue calculated by the relevant billing system; and • where differences arose between the revenue calculated by the billing system and the revenue recognition profile calculated in accordance with the Company's revenue recognition policy, we assessed the accuracy of those adjustments recognised to align revenue recognised with the Company's accounting policy. In respect of this key audit matter we found no significant exceptions in our controls testing and no material misstatements were identified in our substantive testing.

How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group's accounting process is structured around a group finance function at its head office. Supporting finance functions exist for each of the key business operating areas (Malta and Cyprus), and these report to the Group finance team as appropriate.

The group audit engagement team in Malta carried out a full scope audit on the Parent Company and 5 of the subsidiaries located in Malta, accounting for 74% of Group revenues and 82% of Group profit before tax. The financial statements of Cablenet Communications Systems p.l.c. and Connectedcare Limited (the remaining subsidiaries within the Group), based in Cyprus and Malta respectively, were audited by other auditors. We issued instructions to the other auditors auditing Cablenet Communications Systems p.l.c. The figures of Connectedcare Limited are deemed to be immaterial in the context of the Group results.

Where the work was performed by other auditors, we determined the level of involvement we needed to have in their audit work to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole. We have reviewed the subsidiary's accounting policies. We have assessed the audit memorandum document prepared by the other auditors and submitted to us, the group reporting package and the audited financial statements, including all relevant financial disclosures. We have reviewed the other auditor's audit working papers utilising a risk-based approach.

The group audit team performed all of this work by applying the overall Group materiality, together with additional procedures performed on the consolidation. This gave us sufficient appropriate audit evidence for our opinion on the Group financial statements as a whole.

Other information

The Directors are responsible for the other information. The other information comprises all of the information in the annual financial report (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except as explicitly stated within the Report on other legal and regulatory requirements.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors and those charged with governance for the financial statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU and the requirements of the Maltese Companies Act (Cap. 386), and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's or the Parent company's ability to continue as a going concern. In particular, it is difficult to evaluate all of the potential implications that COVID-19 will have on the Group's and the Parent company's trade, customers and suppliers, and the disruption to their business and the overall economy.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Report on compliance with the requirements of the European Single Electronic Format Regulatory Technical Standard (the "ESEF RTS"), by reference to Capital Markets Rule 5.55.6

We have undertaken a reasonable assurance engagement in accordance with the requirements of Directive 6 issued by the Accountancy Board in terms of the Accountancy Profession Act (Cap. 281) - the Accountancy Profession (European Single Electronic Format) Assurance Directive (the "ESEF Directive 6") on the Annual Financial Report of GO p.l.c. for the year ended 31 December 2021, entirely prepared in a single electronic reporting format.

Responsibilities of the directors

The directors are responsible for the preparation of the Annual Financial Report, including the consolidated financial statements and the relevant mark-up requirements therein, by reference to Capital Markets Rule 5.56A, in accordance with the requirements of the ESEF RTS.

Our responsibilities

Our responsibility is to obtain reasonable assurance about whether the Annual Financial Report, including the consolidated financial statements and the relevant electronic tagging therein, complies in all material respects with the ESEF RTS based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with the requirements of ESEF Directive 6.

Our procedures included:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the Annual Financial Report, in accordance with the requirements of the ESEF RTS.
- Obtaining the Annual Financial Report and performing validations to determine whether the Annual Financial Report has been prepared in accordance with the requirements of the technical specifications of the ESEF RTS.
- Examining the information in the Annual Financial Report to determine whether all the required taggings therein have been applied and whether, in all material respects, they are in accordance with the requirements of the ESEF RTS.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Annual Financial Report for the year ended 31 December 2021 has been prepared, in all material respects, in accordance with the requirements of the ESEF RTS.

Other reporting requirements

The *Annual Financial Report and Consolidated Financial Statements 2021* contains other areas required by legislation or regulation on which we are required to report. The Directors are responsible for these other areas.

The table below sets out these areas presented within the Annual Financial Report, our related responsibilities and reporting, in addition to our responsibilities and reporting reflected in the *Other information* section of our report. Except as outlined in the table, we have not provided an audit opinion or any form of assurance.

Area of the *Annual Financial Report and Consolidated Financial Statements 2021* and the related Directors' responsibilities	Our responsibilities	Our reporting
Directors' report		
The Maltese Companies Act (Cap. 386) requires the directors to prepare a Directors' report, which includes the contents required by Article 177 of the Act and the Sixth Schedule to the Act.	We are required to consider whether the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements. We are also required to express an opinion as to whether the Directors' report has been prepared in accordance with the applicable legal requirements. In addition, we are required to state whether, in the light of the knowledge and understanding of the Company and its environment obtained in the course of our audit, we have identified any material misstatements in the Directors' report, and if so to give an indication of the nature of any such misstatements. With respect to the information required by paragraphs 8 and 11 of the Sixth Schedule to the Act, our responsibility is limited to ensuring that such information has been provided.	In our opinion: • the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Directors' report has been prepared in accordance with the Maltese Companies Act (Cap. 386). We have nothing to report to you in respect of the other responsibilities, as explicitly stated within the *Other information* section.

Corporate Governance - Statement of Compliance

The Capital Markets Rules issued by the Malta Financial Services Authority require the directors to prepare and include in the Annual Financial Report a Statement of Compliance with the Code of Principles of Good Corporate Governance within Appendix 5.1 to Chapter 5 of the Capital Markets Rules. The Statement's required minimum contents are determined by reference to Capital Markets Rule 5.97. The Statement provides explanations as to how the Company has complied with the provisions of the Code, presenting the extent to which the Company has adopted the Code and the effective measures that the Board has taken to ensure compliance throughout the accounting period with those Principles.

We are required to report on the Statement of Compliance by expressing an opinion as to whether, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified any material misstatements with respect to the information referred to in Capital Markets Rules 5.97.4 and 5.97.5, giving an indication of the nature of any such misstatements.

We are also required to assess whether the Statement of Compliance includes all the other information required to be presented as per Capital Markets Rule 5.97.

We are not required to, and we do not, consider whether the Board's statements on internal control included in the Statement of Compliance cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

In our opinion, the Statement of Compliance has been properly prepared in accordance with the requirements of the Capital Markets Rules issued by the Malta Financial Services Authority.

We have nothing to report to you in respect of the other responsibilities, as explicitly stated within the *Other information* section.

Remuneration report

The Capital Markets Rules issued by the Malta Financial Services Authority require the directors to prepare a Remuneration report, including the contents listed in Appendix 12.1 to Chapter 12 of the Capital Markets Rules.

We are required to consider whether the information that should be provided within the Remuneration report, as required in terms of Appendix 12.1 to Chapter 12 of the Capital Markets Rules, has been included.

In our opinion, the Remuneration report has been properly prepared in accordance with the requirements of the Capital Markets Rules issued by the Malta Financial Services Authority.

Other matters on which we are required to report by exception

We also have responsibilities under the Maltese Companies Act (Cap. 386) to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us.
- the financial statements are not in agreement with the

We have nothing to report to you in respect of these responsibilities.

accounting records and returns.

- we have not received all the information and explanations which, to the best of our knowledge and belief, we require for our audit.

We also have responsibilities under the Capital Markets Rules to review the statement made by the directors that the business is a going concern together with supporting assumptions or qualifications as necessary.

Other matter – use of this report

Our report, including the opinions, has been prepared for and only for the Parent Company's shareholders as a body in accordance with Article 179 of the Maltese Companies Act (Cap. 386) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior written consent.

Appointment

We were first appointed as auditors of the Company on 17 May 2010. Our appointment has been renewed annually by shareholders' resolution representing a total period of uninterrupted engagement appointment of 12 years.

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30 March 2022

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