ANNUAL FINANCIAL REPORT

& CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER

2022

DRIVING A DIGITAL MALTA WHERE NO ONE IS LEFT BEHIND

GO

GO p.l.c.

Annual Financial Report and Consolidated Financial Statements

31 December 2022

Company Registration Number: C 22334

Chairman's address

For the past couple of years, companies across the globe have had to operate under extraordinary conditions. A global pandemic that brought many companies to their knees, the war in Ukraine, inflation, an energy crisis and increased pressure for action against climate change. The complexity of managing unparalleled dependence on communications technologies under such circumstances is challenging to say the least.

I have had the privilege to witness first-hand the resiliency of a company like GO and the ability and determination of the team to turn challenges into opportunities and deliver outstanding results, bringing immense value to the Group, its shareholders, and the Maltese community.

Leveraging on the individual strengths of each company, and their resources in such circumstances only increases one's ability to overcome difficulties. I have seen strong synergies developing between the Group with the consequential benefits to overall performance. We are aligning on commercial strategies, optimising procurement at a wholesale level and investing wisely. This lends itself to long-term sustainability of the Company.

The world's dependency on fast, reliable, and resilient broadband connectivity has never been more prevalent. We are well on track to potentially making Malta the first EU country having nationwide coverage of True Fibre. In 2022 alone, we provided an additional 50,000 homes with the opportunity to enjoy the fastest internet connections technology has to offer and anticipate that by the end of this year, 75% of the island will be covered with our True Fibre network. We expanded our 5G network ensuring customers get to enjoy super-fast mobile data connections in strategic locations across Malta and Gozo. The roll-out continues. In our efforts, we are mindful of our environmental obligations and are undertaking every effort to ensure that we are role models for our customers and the community in the reducing our carbon footprint. We have a successful history of bringing additional value to our customers and shareholders and have kept up the pace in delivering innovative products and services that ensure people and businesses remain connected to the content and people they love. We make lives better every day. We do this through an ambitious investment strategy, and a tight cost discipline that has helped GO and the Group grow and diversify over the years. Our commitment on this front, is unwavering.

Such work ethic has led to yet another very positive year for GO.

During 2022, the GO Group generated revenue of €214.6 million, an increase of 10.8% over the previous year, resulting in a group profit of €12.2 million, an increase of €1.7 million over 2021. Overall the Group also experienced significant increases in its customer base with GO registering an 8.2% increase which is encouraging development given the maturity of the Maltese market, whilst Cablenet in Cyprus registered a healthy 40% increase.

Based on this performance, the Board is recommending a final net dividend of €0.09 per share.

I am sure you will agree that such achievements are nothing short of remarkable given the climate in which we are operating.

Chairman's address - continued

These can only be achieved through a clear vision, adaptability, and innovation – qualities that reign strong within the GO team. We remain committed to you, our shareholders, our customers and the people of Malta. I take this opportunity to thank my fellow Board Members, Nikhil Patil, CEO – who has undoubtedly brought about significant positive change within GO and unparalleled gains to the Group, his Executive team and all the dedicated employees, without whom, we would not be keeping each other, and the country connected.

I look towards the future with hope as we continue to witness the power of the collective and what this can achieve.

Lassâad Ben Dhiab
Chairman

Chief Executive Officer's review

'Rewarding' is one way I could describe 2022. It was the first year with a semblance to pre-pandemic norms. The truth however is that the aftermath of the pandemic, together with economic and political unrest in Ukraine and the Middle East, is causing ripples across the globe. Inflation and a slowdown in the wider supply chain is impacting companies, including GO. However, I say 'rewarding' because GO has once again demonstrated its resilience in the face of adversity and despite the challenges, has had one of the most positive years ever.

For the first time in the history of the GO Group, we have achieved revenues of €214.6 million (10.8% year on year growth) and EBITDA of €81.4 million (11.1% year on year growth).

This was possible because we continued to invest in nurturing a culture that makes GO a great place to work and grow. During 2022, through GO Academy, our people engaged in an average of 40 hours of learning through technical and bespoke training. Whilst this is important for us to bring more value to the business and our customers, our people's wellbeing and happiness at GO remains a top priority. GO continued to operate as a hybrid company thus providing our employees with increased flexibility, work life balance and whilst at the same time, reducing our environment footprint. Our efforts are reflected in our employee satisfaction scores and our financial results which have reached new heights.

Driving a digital Malta: investing in our networks

All investments are assessed through the lens of our purpose – 'To drive a digital Malta where no one is left behind'.

GO has consistently invested in a state-of-the-art True Fibre network, making sure that every business and household can enjoy the fastest and most reliable broadband speeds imaginable. 2022 was by far a record year in terms of our True Fibre roll out. We successfully passed more than 50 thousand homes with fibre bringing the total number of homes with True Fibre to 224,000 (63% coverage).

We continued investing in building one of the fastest 5G networks on the Maltese islands to ensure the best user experience as proven by the latest Speedtest Benchmark results for mobile networks.

Today, we offer the widest portfolio of solutions leveraging our IoT network. Our nationwide Narrow Band IoT network enables our customers to improve their operational efficiency and reduce their carbon footprint. Through our subsidiary ConnectedCare, we offer IoT solutions that enhance independent living and healthcare for our ageing and more vulnerable clients.

We further enhanced our portfolio of IoT solutions by acquiring a majority stake in SENS Innovation Group Limited (SENS). SENS is an energy management company that leverages proprietary IoT based technology to reduce energy consumption and the associated costs and carbon emissions for commercial buildings. SENS today serves some of the largest hotels and commercial clients in Malta, UK, mainland Europe, Mauritius, and Dubai.

Chief Executive Officer's review - continued

In 2022, GO's third submarine cable, LaValette, connected to the brand-new Pakistan & East Africa Connecting Europe (PEACE) submarine system was officially switched on, making Malta and GO the undisputed international telecommunications hub in the centre of the Mediterranean region. LaValette through PEACE is the only submarine cable that connects Malta to France offering unparalleled resiliency and first in class, low latency data connections. GO is now the only operator on the Maltese operators with 3 submarine cables connecting Malta to Mainland Europe.

Providing the best customer experience

Today, over half a million customers depend on our services. 2022 was another landmark year for customer experience. We continued to revamp our product portfolio, offering new and improved products and services bringing greater value to our customers. We invested in our digital contact channels, providing a variety of mechanisms for customers to engage with us. In fact, over 60% of all customer interactions are carried over digital channels.

The launch of our very own TV channel TOKIS, Malta's only library dedicated to Maltese TV content offering over 1,000 hours of entertainment, together with our investment in exclusive Maltese content has been a huge success and very well received by customers. Since its launch in October last year, we have reached an audience of 4 million, recording at least 155,000 viewers daily. I am confident that TOKIS is ranked amongst the topmost viewed channels on the island.

All of this has contributed to significant growth in our subscriber base during 2022. We registered growth in our broadband customer base of 3,900 connections and more than 11,700 connections in our mobile post-paid customer base.

Our Subsidiaries

BMIT Technologies p.l.c.
BMIT Technologies is well established as a trusted infrastructure partner that supports hundreds of clients on their digital journey. Despite increasing competitive pressures, its commitment towards being the go-to company, to advise and assist both local and international companies with all their digital requirements, is unwavering. Consequently, BMITT embarked on a process of transformation. This journey, which will continue in 2023 and beyond, will help it re-align its services and offerings, will distinguish it as the go-to advisory and cybersecurity experts, in addition to its core business. BMIT Technologies also had a positive year, registering year on year revenue growth of 1.9%.

Cablenet Communications Systems p.l.c.
During 2022, GO acquired a further 6.84% stake in Cablenet, bringing its total shareholding to 70.22%. Cablenet continued to invest heavily in its mobile network and product portfolio. Led predominantly by its hugely popular 'Purple Max' product, Cablenet has experienced a 102% growth in its mobile subscriber base, now totalling 93,000 subscribers, which is double that recorded in 2021 and an increase of 134% in mobile service revenues. Cablenet also continued with the expansion of its fibre network as well as other initiatives to deliver faster speeds and improved overall performance. By the end of 2022, more than 82,600 homes and 4,800 businesses entrusted Cablenet with their broadband and fixed services. With the introduction of the revolutionary 'Purple Max Internet' service, Cablenet subscribers are now enjoying superfast, safe and secure internet services with an augmented service throughout the home. Overall, 2022 was another positive year for Cablenet, registering strong revenue growth of 19.4%, a reflection of an approximate 40% growth in its subscriber base.

Chief Executive Officer's review - continued

Going Green

At GO, environmental sustainability remains a key strategic pillar. We have worked hard to raise consciousness about the importance of making GO Green through several internal initiatives, including bespoke training, information sessions and beach clean ups. Strategically, we have committed to a €20 million investment in new headquarters in Zejtun. The objective is for this to be the first, net zero building on the island and is staked to be the first and largest investment of its kind. Plans are also underway to electrify our fleet in the coming years. A recycling exercise intended to extend the lifespan of customers equipment, did not only lead to considerable cost savings, but more importantly significantly reduced our co2 emissions by more than 300 tonnes. We are well on track to reduce our carbon footprint by 21% by 2024 and source 25% of our energy needs from renewable sources.

Small actions by the many will greatly contribute toward reversing the effect of climate change over the course of time. I am very proud that GO is one of the founding members of Malta ESG Alliance which brings together like-minded companies which collectively work towards action for greater impact.

Financial performance

Living our purpose and values, and an increased focus on maintaining a stable cost base, notwithstanding exceptionally high inflation has enabled us to deliver a strong financial performance and returns for our esteemed shareholders.

The Group generated revenue of €214.6 million (2021: €193.7 million), an increase of 10.8% over the comparative year. Driven by subscriber gains in both fixed broadband and mobile, our local telecommunications revenue increased by €4.6 million, compensating in part for lower levels of international roaming revenues resulting from travel restrictions.

2022 was an equally positive year for our operating subsidiaries. BMITT's total revenues reached €25.8 million, an increase of 1.9% over 2021. 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 26.7% in 2022.

Cablenet generated total revenue of €63.9 million in 2022, an increase of 19.4% over 2021. This revenue growth reflects subscriber gains across all the company's sections, existing and new areas and services and products.

Group Profit for the year amounted to €12.2 million, an increase of €1.7 million compared to the prior year, which is mainly driven by higher revenues which did not result in additional costs to acquire. Earnings per share amount to €0.115 (2021: €0.098).

It gives me great pride that in addition to the interim dividend of €0.06 per share paid on 31 August 2022, the Board is proposing a final dividend of €0.09 per share, thus bringing the total dividends distributions for financial year 2022 to €0.15 per share.

Chief Executive Officer's review - continued

Reflections

2022 was indeed a rewarding year. As a company, we continued to grow and exceeded our targets. We continued to invest and diversify the business. As a team, we worked closely together and learnt new things. We brought greater value to our customers and shareholders, making their lives better every day. All these efforts contribute to the long-term sustainability of the company.

And so, we shall continue to drive a digital Malta where no one is left behind. Our focus remains unchanged. We shall invest, roll-out fibre, deliver the best customer experience, complete our digitisation journey, minimise our environmental impact, but most importantly, continue to nurture the right culture, making GO a great place to work and grow as individuals.

One cannot underestimate the importance of having a supportive Board, which offers direction and guidance throughout the year. A dedicated team, who no matter what, strives for excellence, and esteemed shareholders who trust in our abilities to deliver returns, year on year.

Signed by Nikhil Patil, Chief Executive Officer on 15 March 2023

Directors' report

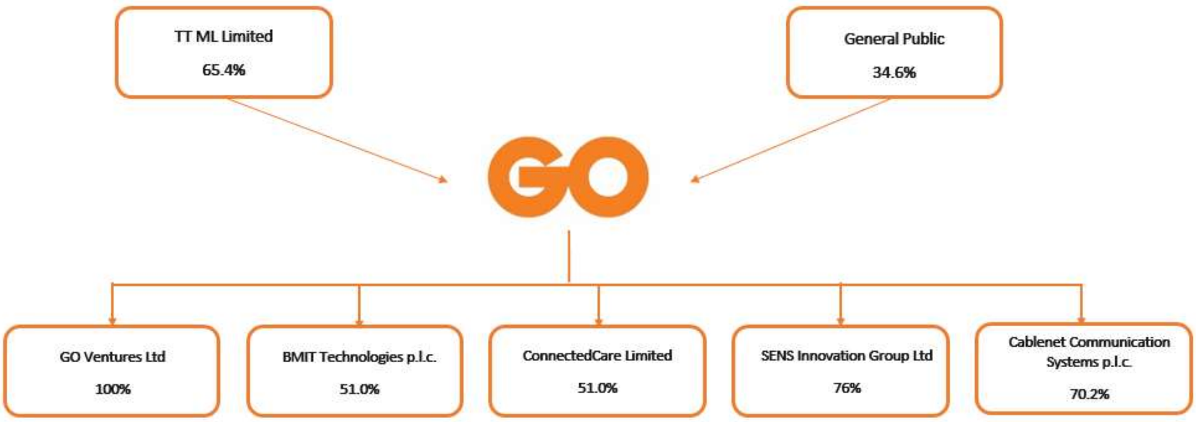
The Directors are pleased to present their report together with the financial statements of the Company for the year ended on 31 December 2022.

Principal activities

GO p.l.c. ('GO') is a publicly listed company on the Malta Stock Exchange and parent company of the GO Group ('Group'). The Group has a controlling interest in BMIT Technologies p.l.c. ('BMITT') and Cablenet Communications Systems p.l.c. ('Cablenet').

GO is a leading integrated telecommunication 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.

Our Organisation



GO p.l.c.
GO is the parent company of the GO Group and a leading integrated telecommunication services company. GO was the first quad play telecom 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.

GO's growth and success were built on a focused strategy aimed at delivering a world-class service in terms of infrastructure and customer experience. Through substantial investment in fibre-powered infrastructure and international connectivity, an extensive network of retail outlets across the Maltese Islands, and dedicated customer call centre and B2B support, GO cemented its position as a provider of world-class communications services.

GO's pioneering role in Malta's communications industry is based on a tradition which dates back to 1975 when Telemalta, the country's first national telecommunications company, was established. This tradition was built on by international investment in the Company, firstly from Emirates International Telecommunications (EIT) in 2006 and more recently in 2016 from TT Malta Limited, a wholly owned subsidiary of Tunisie Telecom, which now owns a 65% stake in the business. The remaining shares are traded on the Malta Stock Exchange.

Directors' report - continued

BMIT Technologies p.l.c.
BMITT offers a range of data centre and hosting services, public, private and hybrid cloud services and managed I.T. services. These services can be offered at customer premises, hosted at BMIT's data centres, or integrated with services offered by other services providers, thereby scaling the solutions from the desktop to the data centre and into the cloud.

Cablenet Communication Systems p.l.c.
Cablenet is a leading provider of telecommunications services in Cyprus, offering high-speed internet, fixed and mobile telephony, as well as TV services that are rich in sports and entertainment content. Cablenet's flagship 'Purple Max' products are designed to offer domestic customers with exceptional value by providing unlimited mobile data allowances and reliable high-speed fixed internet and at affordable prices. Cablenet also offers a host of bespoke business connectivity services to SMEs as well as large business customers. The Company operates stores in Nicosia, Limassol, Larnaca, and Paphos.

ConnectedCare Limited
ConnectedCare offers electronic and mobile care solutions in order to enhance one's lifestyle through independent living. Their services range from 'safe at home' devices to mobile remote monitoring, as well as solutions for Residential Care Homes and Domiciliary Care. The Company is the sole provider of Telecare in the Maltese Islands.

SENS Innovation Group Limited
SENS is an energy management company that leverages proprietary IoT-based technology to reduce energy consumption and associated costs for commercial buildings. The Company 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.

GO Ventures Limited
GO Ventures is an investment vehicle dedicated to exploring and investing in tech start-ups to support the innovation, creativity, determination, and hard work of founders, and helping them develop further their ideas. The company delivers its mission statement of 'Helping Great Ideas Grow' by providing start-ups financial investment, mentoring and expertise, and access to an extensive network of national and international contacts that few other Maltese enterprises can offer.

Our business model

GO boasts a bright and successful 48-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.

Directors' report - continued

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 3 to 6 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.

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 True Fibre technology (FTTH). FTTH is the technology of the present, and the future and 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. 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 invested heavily in its international connectivity in 2022, with the completion of a €25 million investment in a third submarine cable. This made GO 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.

Directors' report - continued

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 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.

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 3 to 6.

Review of financial performance

In 2022, the Maltese economy began to recover in the face of global economic challenges. Though the impacts of the Coronavirus pandemic had diminished, a rise in geopolitical events, such as the Ukraine conflict, energy prices, supply chain disruptions, and inflation, sparked a new wave of economic instability. Despite facing numerous challenges, GO managed to produce one of its most impressive financial results to date.

At Company level, GO continued on the positive trend of double-digit subscriber growth on previous years with fixed broadband connections growing by 3.8% and mobile post-paid connections by 13.3% compared to 2021, thus generating an additional €4.6 million of telecommunication services over the previous year. Furthermore, 2022 marked a strong year for the sale of bespoke technical business solutions and mobile handsets which generated incremental revenues of €5.1 million, 74% higher than 2021. GO registered total revenues of €128.8 million, an increase of €11.1 million (9.5%) over 2021.

Despite the dramatic cost inflation throughout the year, the Company was able to keep a firm control on direct and operating costs. Cost of sales increased by €6.8 million representing the incremental cost of hardware and devices relative to higher sales. As a percentage of revenue, cost of sales remained on similar levels giving rise to an increase in gross profit of €4.4 million or 8.9%. Administrative and other expenses net of other income amounted to €29.6 million, a decrease €0.3 million or 1.1% compared to 2021.

Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA') for 2022 amounted to €54.2 million (2021: €47.9 million), and after the deducting depreciation and amortisation charges of €30.5 million (2021: €28.9 million), Operating Profit amounted to €23.7 million, an increase of €4.7 million or 24.7% over the comparative year.

Directors' report - continued

BMIT Technologies p.l.c. ('BMITT'), our data centre services subsidiary, registered total revenues of €25.8 million, an increase of 1.9% over 2021. Notably, revenue from cloud services and resale of hardware and software increased by 13.4% by 27% respectively, reflecting the Group's transformation journey to become a full-suite provider of technology solutions. Cost of sales and administrative expenses increased marginally while EBITDA of €10.7 million remained on similar levels of 2021. The company's Profit for the year for 2022 stands at €5.4 million (2021: €5.1 million).

Cablenet continued to deliver strong subscriber growth with its total customer base reaching 181,000 subscribers at the end of 2022, equivalent to a 38% growth rate compared the comparative year. Such subscriber gains were achieved across all business segments and product lines and propelled the company to achieve a total revenue of €63.9 million, an increase of €10.4 million or 19.4% over 2021. Cablenet saw a substantial increase in its cost of sales in 2022 which was mainly driven by mobile telephony related direct costs due to higher number of subscribers, roaming expenses triggered by the lifting of COVID-19 restrictions, and higher handset and device costs. Selling, distribution, administrative and other costs were higher due to investments, higher utilities and transportation costs, one-off charges, and increased energy costs. Cablenet generated an EBITDA of €17.5 million (2021: €15.3 million) and reported a loss for the year of €5.2 million (2021: €4.6 million).

The strong financial performance achieved at GO Company level and the subsidiaries have propelled the Group to register its highest-ever revenue of €214.6 million, an increase of a €20.9 million or 10.8% compared to 2021. Consolidated cost of sales and operating expenses amounted to €186.3 million (2021: €170.1 million) and included depreciation and amortisation charges of €52.3 million (2021: €49.7 million).

The Group has witnessed an impressive rise in operating profitability, resulting in a consolidated EBIDTA of €81.4 million (2021: €73.2 million) and an Operating Profit of €28.4 million (2021: €23.5 million). Consolidated finance costs rose to €6.7 million, due to a €0.7 million increase in interest charges caused by higher levels of net borrowings and right-of-use liabilities. For 2022, the Group registered a Profit for the year of €12.2 million (2021: €10.4 million) resulting in an earnings per share of €0.115 (2021: €0.097).

Consolidated net cash generated from operations amounted to €75.4 million, an increase of €7.6 million or 11.29% over 2021.

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, upgrading of GO's mobile sites to 5G, and international capacity at Cablenet in the form of a long-term IRU agreement on the Arsinoe submarine cable. Total payments for the acquisition of property, plant, equipment, and intangible assets amounted to €54.5 million, (2021: €49.2 million), of which €29.2 million (2021: €30.4 million) attributable to GO, €27.3 million (2021: €16.0 million) attributable to Cablenet, and €1.0 million (2021: €1.7 million) attributable to BMITT. Payments for acquisition of financial investments in subsidiaries and associates amounted to €6.9 million (2021: €1.3 million).

On a consolidated basis, net cash used in financing activities in 2022 amounted to €43.3 million (2021: €6.3 million), consisting of debt service payments (principal and interest) related to bank loans and lease obligations of €25.7 million (€2021: €52.7 million) and dividends payments amounting to €17.9 million (2021: €24.8 million). The Group did not drawdown additional tranches of bank borrowing in 2022 (2021: €12 million).

Directors' report - continued

Consolidated cash and cash equivalents as at end of year amounted to €6.2 million, a reduction of €28.5 million compared to year end 2021.

Review of financial position

Group total assets stand at €396.2 million (2021: €368.6 million), an increase of €27.6 million over the prior year. Non-current assets amounted to €322.2 million (2021: €282.7 million), a net increase of €39.5 million including additions to Right-of-use (ROU) assets relating to an immovable property recognised at GO of €12.8 million, and 4G and 5G spectrum of €19.5 million recognised at Cablenet level. Current assets amounted to €74.0 million (2021: €86.0 million) and are mainly represented by trade and other receivables of €48.0 million (2021: €36.4 million), inventories of €9.7 million (2021: €8.5 million), and cash equivalents of €16.0 million (2021: €39.9 million).

Group total liabilities amounted to €297.2 million (2021: €258.7 million), a net increase of €38.5 million mainly attributable to increases in ROU liabilities of €21.3 million and Trade and Other Payables of €14.6 million.

The Group continues to maintain a healthy financial position with shareholders' funds as at year-end amounting to €99.0 million (2021: €109.9 million), a decrease of €10.9 million compared to the prior year. The Group's net asset value per share stands at €0.97 (2021: €1.08), whilst the Group's Net Debt to Total Capital ratio stands at 62% (2021: 53%).

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 €0.15 per share. The Directors recommend that at the forthcoming Annual General Meeting, the shareholder approve the payment of a net final dividend of €0.09 per share (after taxation).

Review of financial performance and comparison to 2022 projections as included in the Financial Analysis Summary

GO's outstanding financial performance for the year ending 31 December 2022 has exceeded the projections published in the Financial Analysis Summary dated 26 May 2022 ('2022 FAS'). The Company was able to capitalise on various opportunities and mitigate various challenges, despite the lingering effects of the pandemic and the Ukraine-Russia conflict. Malta's strong economy and population growth created a high demand for new telecommunications services, while the tourism industry's strong recovery provided a positive effect on GO's wholesale business.

GO has achieved actual year-on-year revenue growth of €11.1 million (or 9.5%) compared to the 2022 FAS projection of €5.8 million (or 4.9%). This positive variance of €5.3 million is mainly attributable to incremental revenue from fixed and mobile services to consumers and businesses, an increase in revenues from international roaming and other wholesale services, and incremental non-recurring hardware sales.

Cost of sales increased marginally by €0.7 million (or 1%), with €4.6 million (or 87%) of the incremental revenue generated being converted to gross profit. Moreover, positive variances of €0.4 million on administrative expenses and €0.7 million on other income of a non-recurring nature further contributed to increases in EBITDA of €5.9 million (12.4%) and Profit Before Tax of €5.6 million (or 29.7%).

Directors' report - continued

Our principles 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. 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
The Group processes personal data of its significant client base on a daily basis. 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.

Directors' report - continued

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.

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.

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

Driving a Digital Malta where no one is left behind

Vision
GO has been in the business of connecting people, businesses, and the country for over 48 years. It has been a period of extraordinary social and economic development for Malta, and a fast-growing hub for financial services and the gaming industry. It has also been a hugely transformative time for GO, during which, it has become Malta's leading communications company, connecting thousands of people to what matters most to them. GO has deep expertise in IT and telecoms, it has a large customer base both in Malta and in Cyprus as a result of majority shareholding in Cablenet, and great brand recognition. The True Fibre roll-out plans, the launch of a third submarine cable and the setting up of GO Ventures all show GO's commitment to invest for long-term growth.

However, the world is changing incredibly fast. Technology is developing continuously, and many companies are being displaced by disruptive start-ups. Customers' expectations of service and speed are also changing – becoming more demanding as the reliance on communications technologies grows. Only the most focused, determined, and agile companies will survive and thrive.

Directors' report - continued

GO's vision is to be one of those companies. To succeed, GO needs to be a unified and aligned team, with clarity as to where it wants to go, and how it will get there. This starts with GO's purpose.

GO is privileged to be at the very heart of society's digital transformation. In part, it is driving this transformation. Digital technologies are reshaping the way we work, rest, play and interact – they are the enablers of the lives we live and critical to the current and future wellbeing of Malta and its people. Lives and livelihoods depend on GO and its services every day.

The truth is, not everyone is benefitting equally from this digital revolution. Access to technology and the skills to actively participate in a growing digital society are key to full inclusion.

This is why GO's purpose is to drive a digital Malta, where no one is left behind.

Driving a digital Malta goes beyond providing connectivity. GO has long established itself as the largest investor in Malta's digital infrastructure. It means GO will centre itself around the customer and citizens and their digital needs. No one left behind ensures that the Company will challenge itself to find ways of getting everyone online and build digital skills so that they too can do more of what matters most to them.

This purpose drives all the decision making at GO. Profit fuels the purpose and will be the natural outcome of achieving it.

Risks and Opportunities
Every business carries risk, but with risk comes opportunities. The biggest risk of not delivering on the purpose is essentially, not living up to GO's full potential as a company, with the consequence of people and businesses not being fully digitally connected.

Another risk is essentially losing credibility if living the purpose becomes just a paper exercise. It is important for employees and customers to tangibly experience this transformation within GO. The possibility of employees not fully engaging with the company's purpose and its values is a real risk, because it is only when personal and corporate values and culture align that a company can perform and thrive.

Customers want to engage with companies that have a clear purpose, and companies that want to do good, do well. Customers in turn reward us with their loyalty. So the concept of doing good, to do well, will not only have a more positive social impact, but will strengthen employee engagement, drive profits and greater returns for shareholders.

Strategy and commitments
Living our purpose and achieving our strategic ambitions required the Company to reboot its culture around three values.

1. Obsessing about customers: every day of the year, 24/7, to enable people and businesses to do things that matter most to them. Our customers depend on GO to keep them connected, and it's a responsibility the Company takes incredibly seriously. Everyone at GO, irrespective of function, is dedicated to making things better every day for the customers. If a customer has a problem, we don't rest until we fix it.

2. Act like Owners: every effort is undertaken to empower and entrust each other to do what's right, by each other and for our customers. We are ready to take accountability for our actions, and don't blame others when things don't go to plan but learn and move on.

Directors' report - continued

3. One GO team: GO can only deliver a digital Malta and serve its customers brilliantly if everyone acts are one, unified collaborative team. Customers expect a single, seamless experience when dealing with GO and this can only be achieved if everyone works together as one team. The more united we are, the better the overall experience, both for the employee and the customer.

Management has undertaken every effort to ensure that the purpose and values are clearly reflected in the business strategy and balance score cards. KPIs have been set against which the overall performance is measured. Everyone in the organisation participates in discussions on strategy, have their say and shape the future of the company.

There is a proportional link between a company's performance and the level of engagement with Purpose. The higher the engagement, the higher the performance. Therefore, every year, the Company measures employee engagement with the purpose through a Contexis survey. This allows management to not only gauge GO's performance against other companies worldwide, but more importantly, highlight those areas in the business that require extra attention, and act accordingly. In the last Contexis survey, GO ranked amongst the top 5 companies worldwide, of which participate in the survey, in terms of engagement with Purpose. This is undoubtedly reflected in the organisation performance.

Driving purpose and values: progress in 2022

When GO embarked on the purpose and culture transformation journey almost three 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 the Purpose Champions has since evolved, and today they 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. This effort continues.

Considerable progress has been made across all pillars of GO's purpose business model as follows:

Investing in a digital Malta where no one is left behind

- FTTH roll out, with more than 50,000 new homes covered in 2022 alone.
- Roll out of 5G mobile network has commenced, allowing customers to experience faster and lower latency mobile services.
- New NB-IoT networks have been launched across all mobile networks, assisting businesses in their digitisation journey and increasing their efficiency of electricity consumption.
- A new security product, 'Securenet', has been launched, allowing customers to enjoy the internet safely and securely.
- Automation of processes has been implemented enabling faster service to customers, as well as providing them with more online self-serve tools for their benefit.
- The 'Your Device Your Right' initiative is being supported to provide hardware, software, and connectivity to underprivileged families.
- Investment in SENS Innovation Group Ltd, an energy management company that leverages proprietary IoT-based technology to reduce energy consumption and the associated costs and carbon emissions for commercial buildings.

Directors' report - continued

Providing the best customer experience

- The subscription renewal process has been digitised, allowing customers to renew service with the press of a button.
- Frontline staff members have been empowered to deal with customers more quickly and efficiently without escalating.
- Fast drop courier service of modems and SIM cards for instant service has been introduced.
- Implementation of customer service promise ensuring that customers go no more than 24 hours without internet, thanks for our Plug and Go product.
- Investment into the production of exclusive and original Maltese TV content as well as the launch of TOKIS, Malta's first and only TV platform dedicated exclusively to Maltese content.

Building a digital enterprise

- Continued investment and focus on digital customer care channels, resulting in more than 60% of customer interactions taking place online.
- The introduction of more digital processes and signatures has led to a reduction in the number of printers.
- Launch of a new state-of-the-art Enterprise Resource System (ERP).

Minimising our environmental impact

GO has remained committed to undertake every effort to reduce its environmental footprint whilst also helping its customers become more environmentally conscious. A dedicated section on our efforts to minimise our environmental impact is available on page 18 to 19.

Living our values whilst creating a great place to work and grow

- Increased employee engagement on social media in response to customer complaints or enquiries.
- Revised recruitment and onboarding process to reflect company values.
- New reward and recognition programme aligned with GO's Purpose.
- Streamlined sponsorship framework that reflects company purpose and values. During 2022, GO gave back approximately €200,000 worth of donations, sponsorships, and services in kind.
- Highest employment satisfaction survey score in the history of GO.
- Greater sense of teamwork across the organisation.
- Hybrid work model continued post-pandemic, offering increased flexibility and a more favourable work-life balance.
- Increased training and learning opportunities, where each employee is given an individual budget for self-driven learning.

Directors' report - continued

GO Green

Our vision
In line with the European Green deal, digital enablement can play a key role in protecting the environment. In the current context of geopolitical instability and rising global challenges, the transformation of how companies do business is essential in safeguarding the prosperity and wellbeing of our society. Environmental sustainability needs to be at the top of everyone's agenda.

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.

As part of our vision, during 2022, GO acquired a majority shareholding in the Internet of Things (IoT) green tech company Sens Innovation Group Limited. Sens is an energy management company that leverages IoT-based technology to reduce energy consumption and associated costs for commercial buildings. This investment combines both of GO's vision to investing in Green technology but also to help our own customers reduce their own carbon emissions.

At the end of 2022, GO launched new IoT solutions based on its new launched Narrowband-IoT nationwide network (NB-IoT) which allows business customers to not only improve their operational efficiency but become greener too because NB-IoT requires less energy to operate.

As part of our business model's GO Green strategy, GO Academy dedicated the month of May 2022 to educating our People on the climate crisis and how to reduce GO's environmental impact. This learning program consisted of online modules, surveys and a workshop which were open to all the team to attend. It led to a set of important personal, team as well as companywide commitments that GO will be carrying out through various working teams with the ultimate aim to reduce emissions across all the organisation's operations. This training was given to everyone including Senior Management and the Directors.

As part of our GO Green initiatives GO together with another 12 other local business founded the Malta ESG Alliance. The Malta ESG Alliance which was launched in July 2022 has been set up with the aim to act as a platform for Maltese Businesses to collaborate and work together in order to lead and drive national ESG goals and ultimately act as catalysts while leading by example.

Directors' report - continued

Our strategy
GO's sustainable strategy is based on 3 pillars:

1. Reduce – reduce sources of carbon emissions by investing in our FTTH network and switching off our copper network. During 2022, GO invested €6,970,000 in its FTTH to pass a further 50,000 homes. Now over 50% 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. This project which started in 2021, was continued in 2022. During 2022, the migration of the Birkirkara exchange was completed.

2. Replace – replace key infrastructure and sources of energy with renewables. During 2022, GO invested €572,000 in PV panels at the new headquarters in Zejtun which are expected to generate circa 1 Megawatt KWH of renewable energy. The new headquarters are being specifically built to be sustainable offices. The project is targeted to be completed by end 2025. During 2022, GO has also started replacing its fleet with electric vehicles.

3. Transform – transform our business processes and in turn aid our customers reduce their own carbon footprint. GO has been pushing its customers to interact digitally especially with regards to renewals and payments. From last year 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. From last year, 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 as part of the circular economy, this reduced our wastage in this type of equipment by 80% and contributed to reduce our CO_2 emissions by more than 300 tonnes.

Targets
In December GO applied for the Science based targets initiatives and is currently awaiting validation. The targets set for the Company are a reduction from our base line of 2019 of 46.2% by 2030 and 90% by 2045. The strategy that GO is putting in place is aimed at achieving these targets.

GO Green progress*	2022	2021
Consumption		
Energy Consumption (KWH)	18,718,536	19,300,665
Water Consumption (ML)	4,940	3,977
Emissions		
Scope 1 GHG emissions	568	542
Scope 2 GHG emissions	7,694	8,213
Scope 3 GHG emissions	30,944	31,794
Circular Emissions		
Waste Generated (t)	222	174
Non-hazardous waste (t)	211	165
Hazardous waste (t)	10.9	9.2
Recycled waste (t)	170	121
Equipment refurbished to be reused	41,938	34,720

**Data reflects Company consumption. Group companies are in the process of starting to collate this data.*

Directors' report - continued

Consolidated disclosures pursuant to Article 8 of the Taxonomy Regulation

Introduction

In order to achieve the targets established by the European Union of reaching net zero greenhouse gas ('GHG') emissions by 2050, with an interim target of reducing GHG emissions by 55%, compared to 1990 levels, by 2030, the European Commission ('EC') has developed a taxonomy classification system, by virtue of EU Regulation 2020/852, ('the Taxonomy Regulation' or 'the EU Taxonomy'), which establishes the criteria for determining whether an economic activity qualifies as environmentally sustainable.

The EU Taxonomy establishes criteria in terms of six environmental objectives, against which entities will be able to assess whether economic activities qualify as environmentally sustainable. In order to qualify as such, an economic activity must be assessed to substantially contribute to at least one of these environmental objectives, whilst doing no significant harm ('DNSH') to the remaining objectives. This is achieved by reference to technical screening criteria established in delegated acts to the EU Taxonomy. The economic activity is also required to meet minimum safeguards established in the EU Taxonomy. The six environmental objectives considered by the EU Taxonomy are the following:

i. Climate change mitigation;
ii. Climate change adaptation;
iii. Sustainable use and protection of water and marine resources;
iv. Transition to a circular economy;
v. Pollution prevention and control; and
vi. Protection and restoration of biodiversity and ecosystems.

The EC subsequently adopted a Delegated Act supplementing Article 8 of the Taxonomy Regulation ('the Disclosures Delegated Act') in 2021, which establishes the disclosure requirements of entities within the scope of the Taxonomy Regulation. At this stage, this solely comprises entities subject to an obligation to publish non-financial information pursuant to Article 19a or Article 29a of Directive 2013/34/EU (being those entities subject to the Non-Financial Reporting Directive, 'NFRD').

In the following section, the Group, as a non-financial parent undertaking, presents the share of its turnover, capital expenditure (CapEx) and operating expenditure (OpEx) for the reporting period ended 31 December 2022, which are associated with taxonomy-eligible and taxonomy-aligned economic activities related to the first two environmental objectives (climate change mitigation and climate change adaptation) in accordance with Article 8 of the Taxonomy Regulation. The remaining four environmental objectives will be considered in future years, following the adoption of the 'Environmental Delegated Act', which will establish the list of taxonomy-eligible economic activities (along with the technical screening criteria to determine taxonomy-alignment) with respect to the remaining objectives. However, this is currently under development by the EC Platform on Sustainable Finance, with limited indications as to when it is expected to be adopted.

Directors' report - continued

Our Activities

Overview

Proportion of taxonomy-eligible and taxonomy-aligned economic activities in total turnover, Capex and Opex in FY 2022				
FY 2022	**Total (€000)**	**Proportion of taxonomy-eligible (non-aligned) economic activities**	**Proportion of taxonomy-aligned economic activities**	**Proportion of taxonomy non-eligible economic activities**
Turnover	214,647	18.8%	0%	81.2%
CapEx	96,313	23.3%	0%	76.7%
OpEx	135,793	14.5%	0%	85.5%

On a voluntary basis, the Group also provides comparatives for the financial year ended 31 December 2021. A comparative in relation to the proportion of taxonomy-aligned economic activities is not provided given that the requirement to report alignment became applicable as from 1 January 2023.

Proportion of taxonomy-eligible and taxonomy non-eligible economic activities in total turnover, Capex and Opex in FY 2021			
FY 2021	**Total (€000)**	**Proportion of taxonomy-eligible economic activities**	**Proportion of taxonomy non-eligible economic activities**
Turnover	193,666	33%	67%
CapEx	54,842	25%	75%
OpEx	121,513	19%	81%

Definitions

'Taxonomy-eligible economic activity' means an economic activity that is described in the delegated acts supplementing the Taxonomy Regulation (that is, the Climate Delegated Act as of now), irrespective of whether that economic activity meets any or all of the technical screening criteria laid down in those delegated acts.

The Climate Delegated Act is structured such that Annex I contains a list of activities and the respective technical screening criteria in relation to the Climate Change Mitigation objective, whereas Annex II relates to the Climate Change Adaptation objectives, with potentially different activities being considered in the different annexes.

Directors' report - continued

'Taxonomy-aligned economic activity' refers to a taxonomy-eligible activity which complies with the technical screening criteria as defined in the Climate Delegated Act and it is carried out in compliance with the minimum safeguards regarding human and consumer rights, anti-corruption and bribery, taxation, and fair competition. To meet the technical screening criteria, an economic activity must contribute substantially to one or more environmental objectives while not 'doing significant harm' to any of the other environmental objectives. Furthermore, the activity must be performed in a manner that meets minimum safeguards in relation to human rights, bribery & corruption, fair competition and taxation.

'Taxonomy-non-eligible economic activity' means any economic activity that is not described in the delegated acts supplementing the Taxonomy Regulation.

Taxonomy-eligible and Taxonomy-aligned economic activities

The Group have examined all economic activities carried out to see which of these are taxonomy-eligible and also taxonomy-aligned in accordance with Annexes I and II to the Climate Delegated Act. The table below indicates the activities performed by the Group which have been identified as taxonomy-eligible and the environmental objective to which the activity may be associated with. Information on the extent to which the economic activities are also taxonomy-aligned is provided in the KPI templates further below.

Taxonomy-eligible activities were identified by extracting the total revenue, CapEx and OpEx required to be captured in the denominators of the respective KPIs and assessing the NACE code of the activities to which the amounts relate. The Group then assessed which of the identified NACE codes relate to activities included within the annexes to the Climate Delegated Act. For the identified eligible activities, the Group then began the process to begin assessing them against the technical screening criteria. However, this process is still currently ongoing, with no activities presently being classified as taxonomy-aligned.

Through the activities highlighted in the table below, the Group generates turnover, and generally incurs both CapEx and OpEx for these activities.

Taxonomy-eligible economic activities							
Economic activity	**Description**	**Turnover (%)***	**CapEx (%)***	**OpEx (%)***	**Climate change mitigation**	**Climate change adaptation**	**NACE code**
4.1 Electricity generation using solar photovoltaic technology	The generation and sale of electricity through PV panels installed by the Group	-	0.6	0.0	✔	✔	D35
8.1 Data processing, hosting and related activities	Customised data hosting solutions	7.1	1.5	0.9	✔	✔	J63

Directors' report - continued

Taxonomy-eligible economic activities							
Economic activity	**Description**	**Turnover (%)***	**CapEx (%)***	**OpEx (%)***	**Climate change mitigation**	**Climate change adaptation**	**NACE code**
8.2 Data-driven solutions for GHG emissions reductions	Development of IoT-based technology to reduce energy consumption for commercial buildings	0.4	2.3	0.3	✔	✔	J61
8.3 Programming and broadcasting activities	TV broadcasting services	9.7	4.1	12.1	✕	✔	J60
13.3 Motion picture, video and television programme production, sound recording and music publishing activities	Distribution of motion pictures and television productions to consumers	1.7	0.4	1.2	✕	✔	J59

*% of the total turnover, CapEx and OpEx included in the denominator of the respective KPI

<u>Taxonomy eligibility</u>

Economic activities classified under activity 4.1 'Electricity generation using solar photovoltaic technology relates to the generation of electricity through solar photovoltaic ('PV') panels which is fed into the public grid. The Group acknowledges that no turnover has been considered under such an activity in the table above, however, the PV panel installation process was completed towards the very end of 2022, with turnover starting to be generated at the beginning of 2023. The Group also clarifies that amounts in this respect have been allocated to activity 4.1 due to the electricity generated from the panels being fed into the public grid, as opposed to being used exclusively for internal consumption within the Group's premises. Had the latter been the case, the Group would have classified such activities under 7.6 'Installation, maintenance and repair of renewable energy technologies'.

Economic activities classified under activity 8.1 'Data processing, hosting and related activities' relate to the provision of data hosting services provided through a fully redundant state-of-the-art data centre hosting a variety of services, both for internal load and colocation of end customers. The internal load includes storage services, server infrastructure including virtualisation and container technologies, networking, and cyber security infrastructure.

Directors' report - continued

Economic activities classified under activity 8.2 'Data-driven solutions for GHG emissions reductions' relates to proprietary IoT-based technology to reduce energy consumption and associated costs for commercial buildings. The Group designs and builds customised solutions for customers to improve their business operations and efficiencies whilst also contributing to the environmental responsibilities that modern business governance and legislation demands.

Economic activities classified under activity 8.3 'Programming and broadcasting activities' includes the Group's turnover generated from TV broadcasting over the internet ('IPTV'), cable or digital terrestrial transmission for which it acquires the right to distribute content over its network.

Economic activities classified under activity 13.3 'Motion picture, video and television programme production, sound recording and music publishing activities' relates to the Group's turnover generated from the distribution of movies and TV series via its GO Stars television platform.

The CapEx classified as taxonomy-eligible entails capital investments which relate to necessary components to execute the respective turnover-generating economic activity. In summary, this largely relates to the following:

- The acquisition of solar photovoltaic panels (under activity 4.1);
- Building improvements that directly impact the operating capabilities of the data centre, such as raised flooring and piping improvements (under activity 8.1);
- The acquisition/development of software utilised in the IoT solutions developed by the Group (under activity 8.2);
- The acquisition of broadcasting rights (under activity 8.3); and
- Licensing rights (under activity 13.3).

Other turnover generating activities performed by the Group classified as taxonomy non-eligible

The Group's taxonomy non-eligible economic activities relate largely to other telecommunication activities which are not considered to be captured under broadcasting activities, such as the provision of telecommunication activities including telephony and related data/internet services.

The consideration to classify telecommunication activities as taxonomy non-eligible is based on the EC Draft Commission Notice on the interpretation and implementation of certain legal provisions of the EU Taxonomy Climate Delegated Act establishing technical screening criteria for economic activities that contribute substantially to climate change mitigation or climate change adaptation and do no significant harm to other environmental objective, published in December 2022. Within the notice, the EC addressed the information and communications sector, particularly with respect to the treatment of telecommunication activities related to telephony and data/internet services, and deemed that 'while the generic public electronic communications network is an important and necessary infrastructure for the ICT solutions mentioned above, its predominant use or deployment is often not to reduce emissions'. Therefore, the EC concluded that such activities should be treated as taxonomy non-eligible.

Other taxonomy non-eligible activities performed by the Group relate to the sale of hardware and licences, managed services and cloud services.

Directors' report - continued

Taxonomy eligibility of investment activities not directly related to turnover-generating activities

Further to the activities from which the Group generates turnover, and generally incurs both CapEx and OpEx, the Group also engages in investment activities not directly related to its turnover-generating activities as highlighted below.

Individually taxonomy-eligible CapEx/Opex and the corresponding economic activities						
Economic activity	**Description of the taxonomy-eligible purchased output or individual measure**	**Capex (%)***	**Opex (%)***	**Climate change mitigation**	**Climate change adaptation**	**NACE code**
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	The acquisition of motor vehicles designated as category M1 and N1	0.1	0.1	✔	✔	N77
7.2 Renovation of existing buildings	All major renovation measures of existing buildings	0.7	N/A	✔	✔	F41
7.3 Installation, maintenance and repair of energy efficiency equipment	All maintenance and repair of the energy efficiency equipment in the Group's existing buildings (primarily the replacement of air conditioners)	0.2	0.0	✔	✔	F43
7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings and parking spaces attached to buildings	Installation of charging stations for electric vehicles on company-owned premises	0.0	0.0	✔	✔	F43
7.7 Acquisition and Ownership of buildings	Acquisition of new leased premises	13.3	0.0	✔	✔	L68

*% of the total CapEx and OpEx included in the denominator of the respective KPI

Included in the above are amounts that relate to the acquisition of motor vehicles which are utilised by the Group to enable it to perform certain operations towards its customers. The CapEx and OpEx in this respect have been classified under activity 6.5 'Transport by motorbikes, passenger cars and light commercial vehicles' as opposed to being allocated to a turnover-generating activity (for which the Group would make use of such vehicles at times in performing its duties).

Directors' report - continued

The Group has classified the amounts in this manner since the assessment to determine taxonomy-alignment of the vehicles acquired would only be possible to be performed against the technical screening criteria developed under activity 6.5. For example, the substantial contribution criteria established in Annex I in relation to activity 8.2 'Data-driven solutions for GHG emissions reductions', relate to whether 'ICT solutions are predominantly used for the provision of data and analytics enabling GHG emission reductions', with a motor vehicle not able to be assessed against such criteria as they are not relatable.

In a similar manner, Capex has been allocated to activities classified under category 7 'Construction and real estate activities' given that they do not directly associated with a turnover generating activity.

Taxonomy alignment

Determining whether an activity meets the requirements to be classified as taxonomy-aligned requires considerable detailed information about the activity in order to properly assess it against the established technical screening criteria.

The Group is currently still in the process of gathering the necessary information in order to conclude that activities may be considered as taxonomy-aligned and verifying its accuracy. As a result of the ongoing process, the Group has not been able to substantiate the alignment of any of its activities in the current year.

Despite not being able to fully substantiate the alignment of any of its activities, the Group has identified instances of partial alignment in the current year.

Economic activities classified as 4.1 'Electricity generation using solar photovoltaic technology' have been assessed to meet the substantial contribution criteria under the climate change mitigation objective, being that the activity generates electricity using solar PV technology. However, the Group is still in the process of assessing certain elements of the DNSH criteria. In relation to climate change adaptation, the Group is yet to undertake a physical climate risk assessment on the location in which the PV panels are installed, and is still to assess the durability and recyclability of the components utilised by the manufacture of the PV panels to ensure no significant harm to the transition towards a circular economy. With respect to the protection and restoration of biodiversity and ecosystems, the Group is confident that the DNSH criteria have been met, given the approvals obtained surrounding the project location.

Economic activities classified as 8.1 'Data processing, hosting and related activities' have been assessed to meet certain elements of the 'European Code of Conduct on Data Centre Efficiency' required as part of the substantial contribution criteria under the climate change mitigation objective. The assessment to determine full compliance with this code is currently still ongoing. Furthermore, the Group is still in the process of assessing the remaining substantial contribution criteria and DNSH criteria.

Economic activities classified as 8.2 'Data-driven solutions for GHG emissions reductions' meet the initial substantial contribution requirement in relation to the climate change mitigation object of the ICT solution being predominantly used for the provision of data analytics enabling GHG emission reductions. However, further assessment needs to be performed to identify whether alternative technologies are readily available on the market, and if so, that the ICT solution of the Group demonstrates substantial life-cycle GHG emission savings compared to the best performing alternative.

Directors' report - continued

Furthermore, the Group is still in the process of assessing compliance with the DNSH criteria in relation to 'climate change adaptation', and 'transition to a circular economy' which are the two environmental objectives applicable for this activity from a DNSH perspective.

Furthermore, the Group has also identified the partial alignment of certain individual investment activities not relating to turnover- generating activities.

Economic activities classified under activity 6.5 'Transport by motorbikes, passenger cars and light commercial vehicles', which include the acquisition of an electric vehicle, are assessed to result in the substantial contribution requirements in relation to the climate change mitigation objective being met, given that an electric vehicle results in zero tailpipe emissions. However, the Group has not been able to assess the DNSH criteria for the activity, particularly in relation to the recyclability of the materials of the vehicle. Furthermore, the Group has not been able to assess the DNSH criteria for pollution prevention and control which relates to the specifications of the tyres of the vehicle. Therefore, continued engagement with suppliers will be required to identify whether such activities may be considered as taxonomy-aligned in the future. (This applies specifically in the case of the electric vehicle purchased and does not capture other internal combustion engine vehicles acquired by the Group).

Economic activities classified under activity 7.4 'Installation, maintenance and repair of charging stations for electric vehicles in buildings and parking spaces attached to buildings' have been assessed to meet the substantial contribution requirements in relation to the climate change mitigation objective, being the installation of a charging station for electric vehicles. However, the Group has not yet performed a physical risk assessment in relation to the location in which the charging stations have been installed in order to also meet the DNSH criteria.

Therefore, as further progress is made in the Group's internal assessment process, certain activities may be identified as taxonomy-aligned without the need for further capital investments.

However, as a result of no activities being considered as taxonomy-aligned in the current year, disclosure requirements surrounding the assessment of taxonomy-alignment in accordance with section 1.2.2.1 of the Disclosures Delegated Act are not deemed to be applicable to the Group.

Our KPIs and accounting policies

The key performance indicators ('KPIs') comprise the turnover KPI, the CapEx KPI and the OpEx KPI. In presenting the Taxonomy KPIs, the Group uses the templates provided in Annex II to the Disclosures Delegated Act. Since the KPIs need to include an assessment of taxonomy-alignment for the first time for the reporting period 2022, the Group does not present comparative figures on taxonomy-alignment. Moreover, since the Group is not performing any of the activities related to natural gas and nuclear energy (activities 4.26-4.31), the Group is not using the dedicated templates introduced by the Complementary Delegated Act as regards activities in certain energy sectors.

Directors' report - continued

EU Taxonomy

Table 1 – Turnover - Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering 2022

				Substantial contribution criteria		DNSH Criteria									
Economic activities	Code(s)	Absolute turnover	Proportion of turnover	Climate change mitigation	Climate change adaptation	Climate change mitigation	Climate change adaptation	Water and marine ressources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy aligned proportion of turnover 2022	Taxonomy aligned proportion of turnover 2021	Category (enabling activity or transitional activity)
		€'000	*%*	*%*	*%*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Percent*	*Percent*	*E/T*
A. TAXONOMY-ELIGIBLE ACTIVITIES															
A.1. Environmentally sustainable activities (Taxonomy-aligned)															
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	0%	0%	0%								0%		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)															
8.1 Data processing, hosting and related activities	J63	15,163	7.1%												
8.2 Data-driven solutions for GHG emissions reductions	J61	825	0.4%												
8.3 Programming and broadcasting activities	J60	20,893	9.7%												
13.3 Motion picture, video and television programme production, sound recording and music publishing activities	J59	3,547	1.7%												
Turnover of Taxonomy-eligible not but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		40,428	18.8%	0	0										
Total Turnover of Taxonomy eligible activities (A.1 + A.2) (A)		**40,428**	**18.8%**	**0**	**0**								0%		
Turnover of Taxonomy-non-eligible activities (B)		**174,219**	**81.2%**												
Total (A + B)		**214,647**	**100%**												

Directors' report - continued

Table 2 – CAPEX - Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering 2022

				Substantial contribution criteria						DNSH Criteria										
Economic activities	Code(s)	Absolute CapEx	Proportion of CapEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine ressources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy aligned proportion of CapEx 2022	Taxonomy aligned proportion of CapEx 2021	Category (enabling activity)	Category (transitional activity)
		€'000	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	0%	0%	0%												0%			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
4.1 Electricity generation using solar photovoltaic technology	D35	572	0.6%																	
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	N77	102	0.1%																	
7.2 Rennovations of existing buildings	F41	643	0.7%																	
7.3 Installation, maintenance and repair of energy efficiency equipment	F43	228	0.2%																	
7.4 Installation of charging stations for electric vehicles	F43	2	0.0%																	
7.7 Acquisition and ownership of buildings	L68	12,846	13.3%																	
8.1 Data processing, hosting and related activities	J63	1,414	1.5%																	
8.2 Data-driven solutions for GHG emissions reductions	J61	2,261	2.3%																	
8.3 Programming and broadcasting activities	J60	3,941	4.1%																	
13.3 Motion picture, video and television programme production, sound recording and music publishing activities	J59	415	0.4%																	
CapEx of Taxonomy-eligible not but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		22,424	23.3%																	
Total CapEx of Taxonomy eligible activities (A.1 + A.2) (A)		22,424	23.3%														0%			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Capex of Taxonomy-non-eligible activities (B)		73,889	76.7%																	
Total (A + B)		96,313	100%																	

Directors' report - continued

Table 3 – OpEx - Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering 2022

Economic activities	Code(s)	Absolute OpEx	Proportion of OpEx	Substantial contribution criteria: Climate change mitigation	Substantial contribution criteria: Climate change adaptation	DNSH Criteria: Climate change mitigation	DNSH Criteria: Climate change adaptation	DNSH Criteria: Water and marine ressources	DNSH Criteria: Circular economy	DNSH Criteria: Pollution	DNSH Criteria: Biodiversity and ecosystems	Minimum safeguards	Taxonomy aligned proportion of OpEx 2022	Taxonomy aligned proportion of OpEx 2021	Category (enabling activity or transitional activity)
		€'000	*%*	*%*	*%*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Percent*	*Percent*	*E/T*
A. TAXONOMY-ELIGIBLE ACTIVITIES															
A.1. Environmentally sustainable activities (Taxonomy-aligned)															
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	0%	0%	0%								0%		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)															
4.1 Electricity generation using solar photovoltaic technology	D35	2	0.0%												
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	N77	97	0.1%												
7.3 Installation, maintenance and repair of energy efficiency equipment	F43	48	0.0%												
7.4 Installation of charging stations for electric vehicles	F43	2	0.0%												
7.7 Acquisition and ownership of buildings	L68	25	0.0%												
8.1 Data processing, hosting and related activities	J63	1,241	0.9%												
8.2 Data-driven solutions for GHG emissions reductions	J61	365	0.3%												
8.3 Programming and broadcasting activities	J60	16,313	12.0%												
13.3 Motion picture, video and television programme production, sound recording and music publishing activities	J59	1,634	1.2%												
OpEx of Taxonomy-eligible not but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		19,727	14.5%												
Total OpEx of Taxonomy eligible activities (A.1 + A.2) (A)		**19,727**	**14.5%**										0%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES															
Opex of Taxonomy-non-eligible activities (B)		**116,066**	**85.5%**												
Total (A + B)		**135,793**	**100%**												

Directors' report - continued

The specification of the KPIs is determined in accordance with Annex I to the Disclosures Delegated Act. The Group adopts the methodology to determine taxonomy-alignment in accordance with the legal requirements and describes its policies in this regard as follows:

Turnover KPI

Definition

The proportion of taxonomy-aligned economic activities of the total turnover has been calculated as the part of net turnover derived from products and services associated with taxonomy-aligned economic activities (numerator) divided by the net turnover (denominator), in each case for the financial year from 1 January 2022 to 31 December 2022. Given that the Group has not identified any taxonomy-aligned economic activities, the current proportion of alignment is 0%.

The denominator of the turnover KPI is based on the consolidated net turnover in accordance with paragraph 82(a) of IAS 1. For further details on our accounting policies regarding the Group's consolidated net turnover, refer to disclosure note 1.20 'Revenue recognition' in the Group's consolidated financial statements included in this Annual Report.

Reconciliation

The Group's consolidated net turnover captured in the denominator of the KPI of €214,647,000 reconciles with the amount disclosed in the 'Revenue' financial statement line item included in the 'Income Statements' in the consolidated financial statements included in this annual report. Additionally, the amount also reconciles to the revenue disclosure note.

Revenue reconciliation	***Amount (€000)***	***Amount (€000)***	
Turnover as per KPI denominator	214,647	214,647	
Turnover as per the consolidated financial statements relating to:			
Telecommunication and date centre services	193,109		
Sale of goods	16,406		
Other services and sundry revenues	5,132	214,647	*Disclosure Note 22*
Difference		-	

The following is a detailed breakdown of the turnover generated by the Group in accordance with the 3 categories of revenue disclosed in the consolidated financial statements in Note 22, amongst the different activities disclosed in the Turnover KPI.

Directors' report - continued

Detailed breakdown of 'Telecommunication and date centre services'	***Amount (€000)***	***Amount (€000)***
Telecommunications and data centre services turnover as per the consolidated financial statements		193,109
<u>Allocation of services in the turnover KPI</u>		
8.1 Data processing, hosting and related activities	15,163	
8.3 Programming and broadcasting activities	20,893	
13.3 Motion picture, video and television programme production, sound recording and music publishing activities	3,547	
Taxonomy non-eligible	153,506	193,109
Difference		-

Detailed breakdown of 'Sale of goods'	***Amount (€000)***	***Amount (€000)***
Sale of goods turnover as per the consolidated financial statements		16,406
<u>Allocation of services in the turnover KPI</u>		
8.2 Data-driven solutions for GHG emissions reductions	825	
Taxonomy non-eligible	15,581	16,406
Difference		-

Detailed breakdown of 'Other services and sundry revenues'	***Amount (€000)***	***Amount (€000)***
Other services and sundry revenues as per the consolidated financial statements		5,132
<u>Allocation of services in the turnover KPI</u>		
Taxonomy non-eligible	5,132	5,132
Difference		-

<u>Further explanations</u>

In the prior year, the Group considered the turnover generated from data hosting, as fully taxonomy-eligible under activity 8.1 'Data processing, hosting and related activities'. In the current year, following the issuance of further guidance, the Group has reassessed such services and noted that it does not fully meet the description of the activity provided in the Climate Delegated Act for activity 8.1. Therefore, the Group has reviewed the revenue streams in the current year to only captured those relating to data hosting, with the remaining (having not met the activity description) being considered as taxonomy non-eligible. This has resulted in a decrease in the taxonomy-eligible turnover in comparison to the prior year.

Directors' report - continued

Furthermore, one of the Group's product offerings relates to the 'Homepack' which includes bundled services relating to fixed telephony, mobile, data/internet and TV broadcasting. In the prior year, the Group considered the full amount of revenue generated from this bundled product as taxonomy-eligible under activity 8.3 'Programming and Broadcasting production'. However, following the EC guidance issued in relation to the eligibility of telecommunication activities related to telephony and data/internet services as previously explained, the Group has recognised that only part of the product included within the 'Homepack' should be considered as taxonomy-eligible, being that related to television broadcasting.

In this respect, the Group has unbundled the revenue generated from the 'Homepack', with the portion of revenue relating to TV broadcasting being determined based on the additional cost incurred by the customer should the package selected by the customer be expanded to capture TV broadcasting (as opposed to just fixed telephony, mobile and internet services). In circumstances where the customer purchases solely television broadcasting services from the Group, no unbundling is deemed necessary with the full amount being allocated to activity 8.3.

Moreover, towards the end of the year, the Group expanded its television broadcasting offering captured under the 'Homepack' (and also available as a stand-alone service) through the launch of GO Tokis relating to the production of Maltese dramas. In this respect, revenues generated in relation to the television broadcasting, now also encompass taxonomy-eligible activities in relation to activity 13.3 'Motion picture, video and television programme production, sound recording and music publishing activities' due to the expansion in services offered under that product.

The introduction of GO Tokis occurred towards the end of the 2022 financial year, and the Group does not charge customers for such additional services, with this being provided as a free add-on in the bundled service. Given that such additional services started to be offered towards the end of the year, and that they are provided at no additional cost to the consumer, the Group has not deemed it necessary to unbundle the amounts in relation to television broadcasting further and allocate revenues from the product to the respective activities. In this respect, the Group has allocated all unbundled revenue from the 'Homepack' to activity 8.3.

However, going forward, the Group is assessing whether an appropriate manner to allocate revenues to the respective activities may be identified, with the intent of achieving more accurate reporting in the coming reporting period.

CapEx KPI

Definition

The CapEx KPI is defined as taxonomy-aligned CapEx (numerator) divided by the Group's total CapEx (denominator).

Total CapEx consists of additions to tangible and intangible fixed assets during the financial year, before depreciation, amortisation, and any remeasurements, including those resulting from revaluations and impairments, as well as excluding changes in fair value. It includes acquisitions of tangible fixed assets (IAS 16), intangible fixed assets (IAS 38) and right-of-use assets (IFRS 16). Additions as a result of business combinations are also included. Acquisitions of investment properties (IAS 40) would also be captured, however, the Group had no such CapEx in the current year. For further details on our accounting policies regarding the Group's CapEx, refer to disclosure notes 1.5 'Property plant and equipment', 1.6 'Intangible assets' and 1.7 'Right-of-use assets', in the Group's consolidated financial statements included within this annual report.

Directors' report - continued

The Disclosures Delegated Act established three categories under which to classify CapEx:

a) CapEx related to assets or processes that are associated with Taxonomy-aligned economic activities ('category a'). In this case, the Group considers that assets and processes are associated with Taxonomy-aligned economic activities where they are essential components necessary to execute an economic activity.

   The Group follows the generation of external revenues as a guiding principle to identify economic activities that are associated with CapEx under this category (a).

   Eligible CapEx under this category has been disclosed in the table named 'Taxonomy-eligible economic activity' in the 'Taxonomy eligible and Taxonomy-aligned economic activities' section above.

b) CapEx that is part of a plan to upgrade a Taxonomy-eligible economic activity to become Taxonomy-aligned or to expand a Taxonomy-aligned economic activity ('category b').

   The Group has currently not developed such a plan, and therefore, no CapEx is considered to be eligible under this category.

c) CapEx related to the purchase of output from Taxonomy-aligned economic activities and individual measures enabling certain target activities to become low-carbon or to lead to GHG reductions ('category c').

The Group distinguishes between the purchase of output and individual measures as follows:
- 'Purchase of output' relates to when the Group just acquires the product or service that is mentioned in the activity description
- 'Individual measure' refers to when the Group acquires a product through an activity that is regularly performed by the supplier, but where the Group controls the content and design of the product in detail.

Eligible CapEx under this category has been disclosed in the table named 'Individually taxonomy-eligible CapEx/OpEx and the corresponding economic activities' in the 'Taxonomy eligibility of investment activities not directly related to runover generating activities' section above. The full amount of CapEx considered under this category relates purely to 'purchase of output'.

Purchases of output qualify as taxonomy-aligned CapEx in cases where it can be verified that the respective supplier performed a taxonomy-aligned activity to produce the output that the Group acquired. Since taxonomy-alignment also includes DNSH criteria and minimum safeguards, the Group is not able to assess the Taxonomy-alignment on its own. For the purchased output in 2022, we were not able to obtain any conclusive confirmation of taxonomy-alignment.

In order to avoid double counting in the CapEx KPI, the Group ensured that CapEx captured as part of 'category a', which relates to turnover-generating activities, was not also included with the activities identified within 'category c'. In particular, the Group ensured that repairs and maintenance costs incurred in relation to the building in which data servers are held (for which such repairs and maintenance directly related to the servers or other technical aspects of the building to allow the activity to be performed) were allocated solely to activity 8.1 and not considered again under activity 7.7.

Directors' report - continued

Reconciliation

The Group's total CapEx captured in the denominator of the KPI can be reconciled to the consolidated financial statements of the Group included in this annual report, by reference to the respective disclosures capturing the additions for intangible assets, right-of-use assets and property, plant and equipment.

Capex Reconciliation	***Amount (€000)***	***Amount (€000)***	
CapEx as per KPI denominator		€96,313	
Additions as per the consolidated financial statements relating to:			
Property, plant and equipment	€43,832		*Disclosure note 5*
Intangible assets	€18,543		*Disclosure note 7*
Right-of-use assets	€33,938	€96,313	*Disclosure note 6*
Difference		-	

The following is a detailed breakdown of the property, plant and equipment, intangible assets and right of use assets amongst the different activities disclosed in the Capex KPI.

Detailed breakdown of property, plant and equipment additions	***Amount (€000)***	***Amount (€000)***
PPE additions as per the consolidated financial statements		43,832
Allocation of PPE in the CapEx KPI		
4.1 Electricity generation using solar photovoltaic technology	572	
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	102	
7.2 Renovation of existing buildings	643	
7.3 Installation, maintenance and repair of energy efficiency equipment	228	
7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings and parking spaces attached to buildings	2	
8.1 Data processing, hosting and related activities	1,414	
Taxonomy non-eligible	40,871	43,832
Difference		-

Directors' report - continued

Detailed breakdown of intangible assets additions	***Amount (€000)***	***Amount (€000)***
Intangible asset additions as per the consolidated financial statements		18,543
<u>Allocation of PPE in the CapEx KPI</u>		
8.2 Data-driven solutions for GHG emissions reductions	2,261	
8.3 Programming and broadcasting activities	3,941	
13.3 Motion picture, video and television programme production, sound recording and music publishing activities	415	
Taxonomy non-eligible	11,926	18,543
Difference		-

Detailed breakdown of right of use asset additions	***Amount (€000)***	***Amount (€000)***
Right of use asset additions as per the consolidated financial statements		33,938
<u>Allocation of ROU in the CapEx KPI</u>		
7.7 Acquisition and Ownership of buildings	12,846	
Taxonomy non-eligible	21,092	33,938
Difference		-

Opex KPI

<u>Definition</u>

The OpEx KPI is defined as taxonomy-aligned OpEx (numerator) divided by the Group's total OpEx (denominator).

Total OpEx consists of direct non-capitalised costs that relate to building renovation measures, short-term leases as well as all forms of maintenance and repair. In general this includes staff costs, costs for services and material costs for daily servicing and well as for regular and unplanned maintenance and repair measures.

In addition to the OpEx items captured in the current denominator of the OpEx KPI, the Group acknowledges that certain additional staff costs should also be captured, given that certain employee responsibilities relate to the servicing of PPE. Such costs have been excluded in the current year given that the Group is still in the process of determining the most appropriate manner in which to allocate staff costs towards maintenance and repair activities. In this respect, an approach for allocating staff costs will continue to be developed during the upcoming financial year, in order to be able to capture such OpEx as part of the KPI in an appropriate manner.

The OpEx considered by the Group does not include expenses relating to the day-to-day operation of PPE, such as raw materials, cost of employees operating any equipment and electricity or fluids that are necessary to operate the PPE. Amortisation and depreciation are also not included in the OpEx KPI.

Directors' report - continued

The Group also excludes direct costs for training and other human resources adaptation needs from the denominator and the numerator. This is because Annex I to the Disclosures Delegated Act lists these costs only for the numerator, which does not allow a mathematically meaningful calculation of the OpEx KPI.

The OpEx of the Group recognised during the financial year ended December 2022 is disclosed further in the Group's consolidated financial statements included within this annual report in disclosure note 23 'Expenses by nature'.

Given that the Group has not identified any CapEx as being taxonomy-aligned, naturally, no OpEx is able to be considered as taxonomy-aligned.

One GO Team

Vision
During the year under review, we continued to make GO a great place to work and to strengthen our reputation of being an employer of choice. We value open communication and actively seek feedback from our people to continuously improve our work environment. We believe in fostering a sense of belonging and engagement, through a supportive workplace culture, that values diversity, collaboration, and innovation. Our people are our greatest asset, and we are committed to creating a positive impact on their lives, by investing in their professional and personal development, which will ensure high levels of job satisfaction. By being a great place to work and grow, we will be able to attract and retain top talent and ultimately give GO the competitive advantage that drives business success and growth.

Risks and Opportunities
Managing risks and opportunities is a complex and ongoing process at GO. We employ several strategies to help mitigate risk and capitalise on opportunities: effective change management to adapt to the evolving business landscape; succession planning, to ensure the smooth transfer of key skills as our people move on to new opportunities; and staff retention, to keep top talent and maximise productivity. GO's decision making processes are dependent on a number of factors including recruitment challenges, which include a competitive job market and a lack of locally available talent, employee engagement, and employee data management to ensure legal compliance. The rise of technology and changing workforce demographics presents both opportunities and challenges for us. How we address them is key to our success.

Strategy and commitments
GO's strategy considers the needs and well-being of employees, while also aligning with its overall mission and goals. We pride ourselves on being a purpose-driven organisation with a clear sense of our values, which must act as a compass for us all, steering us to make the right decisions individually and collectively. Our learning culture, embodied in our GO Academy launched in 2021, fosters ongoing growth and development by offering upskilling or reskilling opportunities, exposure to different roles or different teams within the organisation and access to personalised coaching opportunities, to mention but a few examples. Engaged and satisfied employees are more likely to be productive, innovative, and committed to GO's purpose, especially when their personal purpose is aligned to that of the company. By prioritising our purpose and values, our learning culture and our people's happiness at work in our strategy, we are better placed to achieve our organisational goals.

Directors' report - continued

Driving purpose and values

GO's purpose and values serve as guiding principles for decision-making and inform the organisation's action. Encouraging our people's engagement and involvement in our purpose and values is also crucial. To incentivise employees who embody the company's purpose and values and recognise those who contribute to promoting a positive and supportive work environment, we created a Special Thanks and Recognition (STAR) programme which provides a platform for 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 a considerable number of colleagues participating in the programme with the express purpose of praising others.

Policies

A large part of our internal rules and policies relate to human capital. The most important are the following:

- Human Rights Policy
- Anti-Harassment & Anti-Bullying Policy
- Anti-Bribery & Corruption Policy
- Whistle Blowing Policy
- Personal Data Processing 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.

Labour relations and social dialogue

The biggest investment that GO makes is in its people. The new Collective Agreement signed with the Technology, Electronics and Communications Section of the General Workers' Union (GWU) in the second quarter of 2022 is testament to this. Through the new Collective Agreement GO has invested in its people by improving working conditions further and offering better salaries. This Agreement will remain in force until 2025.

Attraction, retention and professional development

We are proud to have been recognised by the National Commission for the Promotion of Equality as an Equal Opportunity Employer and remain committed to offer equal employment opportunities, irrespective of race, gender, age, religion, disability, sexual orientation, and national origin. Total employee benefit expense for the year amounted to €34.9 million (2021: €34.8 million). The average number of persons employed by the Group, including part-timers and students, during the year amounted to 1,187 (2021: 1,179). Year on year, there has been an increased number of female employees across different levels

Directors' report - continued

Diversifying the mix of our people continues to be a priority for our people strategy. GO's offshore resourcing initiative to overcome the challenge of limited local supply, particularly to fill roles in the digital sphere, has started to pay dividends. We are leveraging global talent and attracting and recruiting highly-qualified individuals world-wide. Today, our people come from all over the globe, spanning four continents, and we ensure that they enjoy a similar employee experience to their colleagues based in Malta. Concurrently, because we believe that talented people know other talented people, we continued to promote our employee referral programme. In 2022, internal referrals ranked as our top recruitment source, bringing high-quality people to GO and helping to shape a positive workplace culture.

The year under review has seen positive gains on GO's social media platforms dedicated to life at GO, be it in an increase in page views and visitors or a growth in reactions, comments and reposts. To provide a better candidate experience, we rolled out an updated version of our applicant tracking system that further facilitates the application process.

Once COVID-19 measures were relaxed, we resumed various in-person wellbeing initiatives for our people, as well as several CSR events, that included a Blood Donation Drive and a Sea Clean Up to mark World Environment Day, under the GO Cares umbrella, which is completely funded through our people's monthly donations.

Developing a learning culture

Steadfast in the belief that, unless GO serves its people well, it cannot serve its customers well, 2022 provided the springboard for further opportunities for continued growth and learning. GO's leadership team creates a supportive environment that values employee growth, thus setting the tone and encouraging a focus on continuous learning. During the year under review, our GO Academy celebrated its first birthday and continued to play a pivotal role in equipping our people with the required skills, mind-sets and behaviours to achieve organisational growth. Learning Programmes at GO are developed in such a way to cover and meet Company strategic competencies, departmental technical & soft skill needs and self-directed goals, through either coaching, sponsorships for further studies or through our digital learning platform. In order to meet our Company strategic competencies, we have learning programmes which are based on three pillars, namely, Purposeful Leadership, Customer Centricity and Digital Excellence. These pillars are critical for us to develop the necessary skills in our journey 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 improve overall performance. The partnership with an international digital learning platform, launched in 2021, continued to grow from strength to strength during the year under review with a doubling of the learning requests, thus providing access to resources and tools that support learning. Additionally, we also offered the opportunity for bite-sized learning sessions related to self-development and continued to infuse coaching into the developmental lifecycle, with 10% more of our people benefitting during the year under review.

Directors' report - continued

This year, we ran a number of company-wide learning programmes that included Act like Owners, which delved into the importance of this value and how to live it and GO Green, which raised awareness on what can be done at a corporate and individual level to reduce environmental impact. We launched two new learning initiatives: Knowledge-Sharing to increase appreciation of different products, services and teams and Leadership+, a learning programme for our leaders, which kicked off with mental health awareness sessions. There was also a substantial amount of technical and soft skill learning organised across the organisation, with team members achieving notable certifications such as Cisco Certified Network Professional (CCNP) certification, Alcatel, 5G and Networking Fundamentals. After registering almost twice as many training hours per person, we continued to invest further in our people, raising the bar further, with a further increase this year of over 40% in the learning hours per person.

Employee surveys

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. In the spirit of this culture of feedback, we also 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 2022, 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. In the year under review, survey respondents registered the highest employee satisfaction rate since the survey started being administered 11 years ago.

New ways of working

Although the social distancing measures, mandated by the national health authorities to combat the COVID-19 pandemic, tapered off in the first quarter of 2022, GO did not revert to traditional working arrangements but retained the flexible hybrid policies it had introduced to support remote work. The temporary work from abroad policy, introduced in 2021, serves to strengthen our culture as an inclusive employer and allows our diverse workforce, if their role allows them to work remotely, to have an overall better working experience, while continuing to support business operations.

Safety, health and wellbeing at work

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.

Directors' report - continued

Other progress registered in 2022
Keenly aware of the power of analysing employee data to help the business make better decisions, we continued to enhance our data analytics capabilities using interactive data visualisation software products and also launched improved modules in our Human Resources Information System (HRIS) to improve employee experience. To create more purposeful real time feedback, the internal 360 Degree feedback process was revamped so that our people could ask their colleagues for feedback at any point during the year and not only at fixed times. A new employee package was rolled out that included more advantageous perks for our people, including higher internet speeds

One GO team metrics	2022
Number of employees	
Male	856
Females	342
Number of employees at top management	
Male	31
Females	15
Age distribution	
Less than 30 years	322
Between 30 - 50 years	670
Above 50 years	206
Family related leave	
% employees entitled to take family related leave	100%
Number of entitled employees that took family-related leave	
Male	19
Female	19
% of employees with disabilities	0.9%
Health & Safety measures	
% of employees covered by health & safety management systems	100%
Pay related	
% pay gap between women and men*	13%
Average training hours per employees	40

*The gender wage gap is defined as the difference between average earnings of men and women relative to average earnings of men.

Directors' report - continued

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.

Governance

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.

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.

Directors' report - continued

Our suppliers provide the products and services that are so important in executing GO's strategy. The Company wants to know who it is are doing business with and who is acting on its behalf. So, supplier are chosen using principles that make sure that it acts 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 newcomers 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. The Company follows local and international law, including anti-corruption and bribery laws. The policy is that procurement contracts include anti-corruption and bribery clauses.

The Company also face the risks associated with inappropriate and unethical behaviour in the market by its 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.

GO has a controls and compliance programme to strengthen awareness of the standards it expects, 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, all our people had to complete training to embrace our zero tolerance to bribery and corruption. There are also policies covering gifts, hospitality, charitable donations and sponsorship. Tailored training is run for people in higher-risk roles like procurement and sales.

Procedures are 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

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 to continually keep privacy and the protection of personal data at the forefront of our services. During the year under review employees have undertaken refresher training on the main principles governing privacy and the protection of personal data. New employees joining the Group and those sensitive areas of the Group were also required to attend specific training on the subject. During 2022, 645 GO employees received completed their GDPR-specific training fully for a total time of 322 total hours.

Internal audit function
In 2022 the Internal Audit function team carried out work in terms of the audit plan for the year approved by the Audit Committee. Work consisted mainly of audits, follow-ups, and periodic exercises. The audits were mainly focused on migrations of systems as well as on ISO27001 related work. In its work the Internal Audit team keeps regular communication with the auditee and practices are in place for audits to be discussed at Exit Meetings and to be signed off by the auditees and Chiefs concerned who provide feedback and timeframes on agreed upon recommendations, which are then followed up in due course. Communication is key and for this purpose the Group Internal Auditor held monthly meetings with each of the various Chiefs

Directors’ report - continued

Information Security
GO is committed to protecting our customers' data and ensuring the continuity of our business operations by protecting our infrastructure. In the financial year 2022, we have made significant investments in technology, processes and training of our people to ensure that our information security measures are robust and in compliance with the latest regulations.

In 2022, GO successfully obtained ISO 27001 certification, demonstrating our commitment to implementing and maintaining an effective information security management system. This international standard sets out the requirements for an information security management system and provides a framework for managing sensitive company and personal data. The scope includes GO’s three data centre locations and GO’s headquarters offices. All related security policies have been revamped to reflect the context the organisation is operating in, including threat models and business objectives. Governance is ensured through the various committees covering information security and risk management.

In addition to obtaining ISO 27001 certification, the Company has also invested in new technology and processes to mitigate cyber security risks. This includes implementing enhanced security controls in line with latest industry and vendor recommendations, providing regular security awareness training to employees, carrying out regular security audits and enhancing our security operations processes. Incident response plans have been established to ensure that our people can quickly and effectively respond to any security incidents that may occur. Supply chain security is also being ensured through closer collaboration with our suppliers.

As the European Union is set to introduce new legislation that will further increase compliance requirements both for GO and for our business clients, we are proactively preparing for these changes. This includes ensuring compliance with the General Data Protection Regulation (GDPR) and other upcoming regulations such as the latest version of the Network and Information Security Directive (NIS 2) and the Digital Operational Resilience Act (DORA). By investing in these measures, we are confident that we will be able to continue to protect our customers' data, maintain the continuity of our business operations and comply with all legal and regulatory requirements.

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.

Lassâad Ben Dhiab (appointed Chairman on the 18 May 2022)
Sofiane Antar
Paul Fenech
Faker Hnid
Deepak Padmanabhan
Norbert Prihoda
Paul Testaferrata Moroni Viani

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-fourth 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.

Directors' report - continued

Faker Hnid and Deepak Padmanabhan also acted as directors of BMIT Technologies p.l.c. (BMITT). Faker Hnid acted as director on the boards of the following subsidiaries of BMITT, BMIT Limited, Bellnet Limited and BM Support Services Limited.

Lassâad Ben Dhiab (appointed 23 May 2022) and Faker Hnid were also acting as directors of Cablenet Communication Systems p.l.c. Paul Testaferrata Moroni Viani acted as director of the said company up to 28 September 2022.

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 50-59

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.

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 2022 are included in the Annual Financial Report 2022, 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.

Directors' report - continued

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.

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 2022, 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.

Directors' report - continued

(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.

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.

Remuneration Report

The Remuneration Committee of the Company will be submitting to the Shareholders for an advisory vote at the forthcoming Annual General Meeting the Remuneration Report for the financial year ending 31 December 2022. The Remuneration Report is drawn up in accordance with, and in fulfilment of the provisions of Chapter 12 of the Capital Markets Rules issued by the Malta Financial Services Authority relating to the Remuneration Report and Section 8A of the Code of Principles of Good Corporate Governance (Appendix 5.1 of the Capital Market Rules) regarding the Remuneration Statement.

The Remuneration Report provides a comprehensive overview of the nature and quantum of remuneration paid to Directors and the Chief Executive Officer during the reporting period and details how this complies with the Company's Remuneration Policy. The Remuneration Report is intended to provide increased corporate transparency, increased accountability and a better shareholder oversight over the remuneration paid by the Company. The contents of this Remuneration Report have been reviewed by the Company's Auditors to ensure that the information required in terms of Appendix 12.1 of the Listing Rules has been included.

Directors' report - continued

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 15 March 2023 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 2022.

Registered office
GO, Fra Diegu Street
Marsa
Malta

Company Secretary
Dr Francis Galea Salomone

15 March 2023

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 Lassâad Ben Dhiab was appointed Chairman as of the 18 May 2022 and Nikhil Patil was the Chief Executive Officer.

Corporate governance - Statement of compliance - continued

Principle 2: Chairman and Chief Executive Officer - continued

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

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.

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 seven (7) non-executive Directors. The following Directors served on the Board during the period under review:

Lassâad Ben Dhiab (appointed chairman on 18 May 2022)
Sofiane Antar
Paul Fenech
Faker Hnid
Deepak Padmanabhan
Norbert Prihoda
Paul Testaferrata Moroni Viani

For the purposes of the Code, the non-executive Directors are independent. The Company deems that, although Sofiane Antar, Faker Hnid, Lassâad Ben Dhiab and Norbert Prihoda have 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 (10) times and attendance by Board members was as follows:

	Attended
Lassâad Ben Dhiab	10
Sofiane Antar	10
Paul Fenech	9
Faker Hnid	10
Deepak Padmanabhan	10
Norbert Prihoda	9
Paul Testaferrata Moroni Viani	10

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 six (6) meetings during the year. The external auditors attended two (2) 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 1 (one) time in 2022. The Remuneration Report is set out on pages 50 to 65.

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.

Corporate governance - Statement of compliance - continued

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.

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 2022
Lassâad Ben Dhiab	nil
Sofiane Antar	nil
Paul Fenech	130,995
Faker Hnid	nil
Deepak Srinivas Padmanabhan	nil
Norbert Prihoda	nil
Paul Testaferrata Moroni Viani	78,394

Corporate governance - Statement of compliance - continued

Principle 11: Conflicts of Interest - continued

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.

There were no other changes in the Directors' interest in the shareholding of the Company between year-end and 28 February 2023.

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 2022 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.

Corporate governance - Statement of compliance - continued

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.

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.

Corporate governance - Statement of compliance - continued

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, the internal audit team and the external auditors.

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.

Corporate governance - Statement of compliance - continued

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 2022, the Remuneration Committee was composed of Lassâad Ben Dhiab, Paul Testaferrata Moroni Viani and Paul Fenech, 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 2020, 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 affected 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.

Remuneration report - continued

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.

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 2020 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.

Remuneration report - continued

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.

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 2022, 2021 and 2020 amounted to €245,000 (net of tax: €169,610), €272,327 (net of tax: €188,182) and €269,455 (net of tax: €186,502) respectively. Directors' fees were paid to Mr Sofiane Antar amounting to €35,000 or €23,590 net of tax (2021: €35,000 or €23,590 net of tax, 2020: €35,000 or €23,590 net of tax), Mr Lassâad Ben Dhiab amounting to €35,000 or €23,590 net of tax (2021: €35,000 or €23,590 net of tax, 2020: €35,000 or €23,590 net of tax), Mr Paul Fenech amounting to €35,000 or €29,750 net of tax (2021: €35,000 or €29,756 net of tax, 2020: €35,000 or €29,756 net of tax), Mr Faker Hnid amounting to €35,000 or €23,590 net of tax (2021: €35,000 or €23,590 net of tax, 2020: €35,000 or €23,590 net of tax), Mr Deepak Srinivas Padmanabhan amounting to €35,000 or €22,750 net of tax (2021: €35,000 or €22,760 net of tax, 2020: €35,000 or €22,760 net of tax), Mr Norbert Prihoda amounting to €35,000 or €23,590 net of tax (2021: €35,000 or €23,453 net of tax, 2020: €31,455 or €21,286 net of tax), and Mr Paul Testaferrata Moroni Viani amounting to €35,000 or €22,570 net of tax (2021: €35,000 or €22,750 net of tax, 2020: €35,000 or €22,750 net of tax). Mr Samir Said received directors' fees during the years ended 31 December 2021 and 31 December 2020 amounting to €27,327 (net of tax €18,603) and €22,167 (net of tax €15,248) respectively, and Mr Mohamed Fadhel Kraiem received directors' fees amounting to €5,833 (net of tax €3,931) during the year ended 31 December 2020.

Remuneration report - continued

Mr Hnid also received gross directorship from two Group companies amounting to €50,000 (2021: €45,557) or €32,500 (2021: €29,700) net of tax deducted at source. Mr Padmanabhan also received gross directorship fees from one Group company amounting to €20,000 (2021: €12,000) or €13,000 (2021: €7,800) net of tax deducted at source. Mr Ben Dhiab also received gross directorship fees remuneration from one Group company amounting to €12,205 or €7,933 (2021: €10,010) net of tax during the year ended 31 December 2022. Mr Testaferrata Moroni Viani also received gross directorship fees from one Group company amounting to €14,946 (2021: €20,000) or €9,650 (2021: €13,000) net of tax deducted at source. During the year ended 31 December 2021, Mr Said also received gross directorship fees remuneration from one Group company amounting to €15,615 or €10,010 net of tax

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 2022, 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 2020, 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 €379,822 (2021: €350,448) as fixed remuneration and €504,558 (2021: €382,297) as variable remuneration. Mr Patil was paid directors' fees from subsidiaries of the Company amounting to €49,242 (2021: €52,846) and was reimbursed expenses amounting to €33,975 (2021: €31,676).

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.

Remuneration report - continued

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.

In terms of the Code Provisions 8.A.5, total emoluments received by Senior Management during the year under review were €1,329,000 (2021: €1,166,000) as fixed remuneration and €1,165,000 (2021: €802,000) as variable remuneration. Senior Management received other payments from subsidiaries of the Company amounting to €95,695 (2021: €72,846).

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.

	2022 €'000	2021 €'000	2020 €'000	Change %	Change %
CEO remuneration	918	764	650	20	18
Employee remuneration (excluding CEO)	23,929	23,796	23,982	1	(1)
Annual aggregate employee remuneration	24,847	24,561	24,632	1	(0.3)
Average employee remuneration (excluding CEO) - full-time equivalent	35	33	31	8	6
Average number of employees	700	748	792		
Company performance – EBITDA	54,199	47,883	45,212	13	6
Company operating cash flow generated	42,539	46,220	39,668	(8)	17
Group performance – EBITDA	81,353	73,212	72,129	11	2
Group operating cash flow generated	77,916	67,843	63,665	15	7

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 2022, TT ML Limited held 65.42% of the total issued share capital.

Board of Directors
Lassâad Ben Dhiab
Sofiane Antar
Paul Fenech
Faker Hnid
Deepak Padmanabhan
Norbert Prihoda
Paul Testaferrata Moroni Viani

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	**2022 €000**	2021 €000 (restated)	**2022 €000**	2021 €000
ASSETS					
Non-current assets					
Property, plant and equipment	5	**172,154**	163,808	**117,357**	111,433
Right-of-use assets	6	**59,180**	32,694	**37,782**	26,405
Intangible assets	7	**78,071**	71,031	**18,341**	13,503
Investments in subsidiaries	8	**-**	-	**58,426**	51,587
Investments in associates	9	**2,292**	2,188	**-**	-
Loans receivable from subsidiaries	10	**-**	-	**4,000**	-
Other investments	11	**874**	974	**-**	-
Deferred tax assets	12	**1,041**	714	**-**	-
Trade and other receivables	14	**8,634**	11,270	**5,955**	6,567
Total non-current assets		**322,246**	282,679	**241,861**	209,495
Current assets					
Inventories	13	**9,730**	8,472	**8,531**	7,957
Trade and other receivables	14	**48,041**	36,443	**39,011**	30,151
Current tax assets		**187**	1,109	**-**	1,102
Cash and cash equivalents	15	**16,024**	39,928	**6,115**	29,500
Total current assets		**73,982**	85,952	**53,657**	68,710
Total assets		**396,228**	368,631	**295,518**	278,205

Statements of financial position - continued

		Group		Company	
		As at 31 December			
	Notes	**2022 €000**	2021 €000 (restated)	**2022 €000**	2021 €000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	16	**58,998**	58,998	**58,998**	58,998
Reserves	17	**336**	214	**4,187**	4,065
Retained earnings		**31,333**	40,047	**47,991**	47,484
Total capital and reserves attributable to owners of the Company		**90,667**	99,259	**111,176**	110,547
Non-controlling interests		**8,318**	10,638	**-**	-
Total equity		**98,985**	109,897	**111,176**	110,547
LIABILITIES					
Non-current liabilities					
Borrowings	18	**113,263**	121,680	**70,317**	78,816
Lease liabilities	19	**46,766**	28,441	**33,778**	23,199
Deferred tax liabilities	12	**5,572**	5,176	**4,365**	3,936
Provisions for pensions	20	**1,337**	1,524	**1,337**	1,524
Trade and other payables	21	**12,116**	13,759	**609**	521
Total non-current liabilities		**179,054**	170,580	**110,406**	107,996
Current liabilities					
Borrowings	18	**12,149**	6,026	**8,365**	5,541
Lease liabilities	19	**8,493**	5,506	**5,280**	4,222
Provisions for pensions	20	**2,843**	2,925	**2,843**	2,925
Current tax liabilities		**4,423**	238	**4,410**	-
Trade and other payables	21	**90,281**	73,459	**53,038**	46,974
Total current liabilities		**118,189**	88,154	**73,936**	59,662
Total liabilities		**297,243**	258,734	**184,342**	167,658
Total equity and liabilities		**396,228**	368,631	**295,518**	278,205

The accompanying notes are an integral part of these financial statements

The financial statements on pages 67 to 140 were approved and authorised for issue by the Board of Directors on 15 March 2023. 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 2022.

Income statements

		Group		Company	
		Year ended 31 December			
	Notes	**2022 €000**	2021 €000	**2022 €000**	2021 €000
Revenue	22	**214,647**	193,666	**128,813**	117,688
Cost of sales	23	**(135,680)**	(120,481)	**(75,537)**	(68,776)
Gross profit		**78,967**	73,185	**53,276**	48,912
Administrative and other related expenses	23	**(53,087)**	(50,738)	**(31,585)**	(31,465)
Other income	26	**2,945**	1,640	**2,370**	1,564
Other expenses	27	**(446)**	(581)	**(358)**	(6)
Operating profit		**28,379**	23,506	**23,703**	19,005
Analysed as follows:					
EBITDA		**81,353**	73,212	**54,199**	47,883
Depreciation and amortisation	23	**(52,974)**	(49,706)	**(30,496)**	(28,878)
Operating profit		**28,379**	23,506	**23,703**	19,005
Finance income	28	**369**	377	**4,381**	5,004
Finance costs	29	**(6,694)**	(6,007)	**(3,733)**	(3,736)
Profit before tax		**22,054**	17,876	**24,351**	20,273
Tax expense	30	**(9,867)**	(7,435)	**(8,648)**	(6,656)
Profit for the year		**12,187**	10,441	**15,703**	13,617
Attributable to:					
Owners of the Company		**11,595**	9,913	**15,703**	13,617
Non-controlling interests		**592**	528	**-**	-
Profit for the year		**12,187**	10,441	**15,703**	13,617
Earnings per share (euro cent)	31	**11c5**	9c8		

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

Statements of comprehensive income

		Group		Company	
		Year ended 31 December			
	Notes	**2022 €000**	2021 €000	**2022 €000**	2021 €000
Comprehensive income					
Profit for the year		**12,187**	10,441	**15,703**	13,617
Other comprehensive income					
Items that may be reclassified to profit or loss					
Exchange differences on translation of foreign operations		**(100)**	-	**-**	-
Items that will not be reclassified to profit or loss					
Remeasurements of defined benefit obligations	20	**187**	34	**187**	34
Income tax relating to components of other comprehensive income: Remeasurements of defined benefit obligations	12	**(65)**	(12)	**(65)**	(12)
Total other comprehensive income for the year, net of tax		**22**	22	**122**	22
Total comprehensive income for the year		**12,209**	10,463	**15,825**	13,639
Attributable to:					
Owners of the Company		**11,641**	9,935	**15,825**	13,639
Non-controlling interests		**568**	528	**-**	-
Total comprehensive income for the year		**12,209**	10,463	**15,825**	13,639

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 2021							
- as previously reported		58,998	36,564	17,578	113,140	13,221	126,361
- impact of restatement		-	(36,372)	36,372	-	-	-
- as restated		58,998	192	53,950	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	12, 20	-	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	32	-	-	(16,210)	(16,210)	(2,915)	(19,125)
Dividends paid to equity holders relating to current financial year	32	-	-	(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 (restated)	8	-	-	(514)	(514)	(196)	(710)
Total transactions with owners in their capacity as owners		-	-	(23,816)	(23,816)	(3,111)	(26,927)
Balance at 31 December 2021 (restated)		58,998	214	40,047	99,259	10,638	109,897

Statements of changes in equity - continued

Group - continued		Attributable to owners of the Company					
	Notes	Share capital €000	Reserves €000	Retained earnings €000	Total €000	Non-controlling interests €000	Total equity €000
Balance at 1 January 2022 (restated)		58,998	214	40,047	99,259	10,638	109,897
Comprehensive income							
Profit for the year		-	-	11,595	11,595	592	12,187
Other comprehensive income:							
Remeasurements of defined benefit obligations, net of deferred tax	12, 20	-	122	-	122	-	122
Exchange differences on translation of foreign operations		-	-	(76)	(76)	(24)	(100)
Total other comprehensive income		-	122	(76)	46	(24)	22
Total comprehensive income		-	122	11,519	11,641	568	12,209
Transactions with owners in their capacity as owners							
Distributions to owners:							
Dividends paid to equity holders relating to preceding financial year	32	-	-	(9,118)	(9,118)	(2,491)	(11,609)
Dividends paid to equity holders relating to current financial year	32	-	-	(6,078)	(6,078)	-	(6,078)
Changes in ownership interest that do not result in loss of control:							
Non-controlling interest on acquisition of subsidiary	8	-	-	-	-	316	316
Acquisition of further non-controlling interests in subsidiary	8	-	-	(5,037)	(5,037)	(713)	(5,750)
Total transactions with owners in their capacity as owners		-	-	(20,233)	(20,233)	(2,888)	(23,121)
Balance at 31 December 2022		**58,998**	**336**	**31,333**	**90,667**	**8,318**	**98,985**

The net impact of the Group's transactions with non-controlling interests (comprising acquisitions and disposals of non-controlling stakes in subsidiaries) effected in previous financial years, reflected within equity in accordance with the Group's accounting policy, amounted to €35.8 million as at 31 December 2021 and €36.4 million at 1 January 2021. This amount was reflected under the caption Reserves in previous financial years but the Directors felt that such amount should actually be presented within the caption Retained Earnings to reflect better the nature of such impacts. Comparative figures disclosed in the main components of these financial statements have been accordingly restated to reflect this fairer presentation. The Group's total equity remains unchanged and accordingly the presentation of the Group's statement of financial position as at 1 January 2021 and further disclosures are not deemed necessary.

Statements of changes in equity - continued

Company

	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	12, 20	-	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	32	-	-	(16,210)	(16,210)
Dividends paid to equity holders for the current financial year	32	-	-	(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

Statements of changes in equity - continued

Company - continued

	Notes	Share capital €000	Reserves €000	Retained earnings €000	Total €000
Balance at 1 January 2022		58,998	4,065	47,484	110,547
Comprehensive income					
Profit for the year		-	-	15,703	15,703
Other comprehensive income:					
Remeasurements of defined benefit obligations, net of deferred tax	12, 20	-	122	-	122
Total other comprehensive income		-	122	-	122
Total comprehensive income		-	122	15,703	15,825
Transactions with owners in their capacity as owners					
Distributions to owners:					
Dividends paid to equity holders for the preceding financial year	32	-	-	(9,118)	(9,118)
Dividends paid to equity holders for the current financial year	32	-	-	(6,078)	(6,078)
Total transactions with owners in their capacity as owners		-	-	(15,196)	(15,196)
Balance at 31 December 2022		**58,998**	**4,187**	**47,991**	**111,176**

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

Statements of cash flows

		Group		Company	
		Year ended 31 December			
	Notes	**2022 €000**	2021 €000	**2022 €000**	2021 €000
Cash flows from operating activities					
Cash generated from operations	33	**86,473**	77,077	**49,739**	54,970
Interest paid on bank overdrafts		**(26)**	(11)	**(9)**	(11)
Interest charges on lease liabilities		**(1,491)**	(1,272)	**(1,008)**	(1,080)
Tax paid		**(8,314)**	(6,629)	**(4,938)**	(6,337)
Payments under voluntary retirement scheme		**(1,163)**	(1,242)	**(1,163)**	(1,242)
Payments in relation to pension obligations		**(82)**	(80)	**(82)**	(80)
Net cash from operating activities		**75,397**	67,843	**42,539**	46,220
Cash flows from investing activities					
Payments to acquire property, plant and equipment and intangible assets		**(54,472)**	(49,187)	**(29,210)**	(30,396)
Payment for acquisition of controlling stake in subsidiary		**(1,071)**	-	**(1,071)**	-
Payment for acquisition of further non-controlling stake in subsidiary		**(5,662)**	(710)	**(5,662)**	(710)
Payment for acquisition of interest in associate		**(200)**	-	**-**	-
Payment for acquisition of other investments		**-**	(568)	**-**	-
Proceeds from disposal of other investment		**34**	-	**-**	-
Loans advanced to subsidiary		**-**	-	**(4,000)**	-
Dividends received from subsidiary		**-**	-	**2,593**	3,034
Net cash used in investing activities		**(61,371)**	(50,465)	**(37,350)**	(28,072)
Cash flows from financing activities					
Proceeds from bank loans		**-**	12,000	**-**	12,000
Repayment of bank loans		**(7,990)**	(45,610)	**(7,990)**	(45,610)
Proceeds from bond issue, net of issue costs		**-**	59,172	**-**	59,172
Principal element of lease payments		**(12,432)**	(5,744)	**(4,790)**	(4,412)
Dividends paid		**(17,583)**	(24,769)	**(15,120)**	(23,282)
Loan and bond interest paid		**(5,261)**	(1,369)	**(2,702)**	(1,369)
Net cash used in financing activities		**(43,266)**	(6,320)	**(30,602)**	(3,501)
Net movements in cash and cash equivalents		**(29,240)**	11,058	**(25,413)**	14,647
Cash and cash equivalents at beginning of year		**34,082**	25,169	**28,655**	14,117
Exchange differences on cash and cash equivalents		**(182)**	16	**(191)**	16
Movement in cash pledged as guarantees		**1,540**	(2,161)	**82**	(125)
Cash and cash equivalents at end of year	15	**6,200**	34,082	**3,133**	28,655

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 2022, the Group's current liabilities exceeded its current assets by €44.2 million (2021: €2.2 million). The shift in net current liabilities by 31 December 2022 is mainly attributable to the utilisation of funds from the bond issue, principally in capital investments, as well as an increase in deferred income which does not entail cash outflows. 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 geopolitical developments, such as the continued conflict in Ukraine, and macroeconomic factors comprising inflationary pressures and market interest rate hikes, 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 2022

In 2022, the Group adopted amendments to existing standards that are mandatory for the Group's accounting period beginning on 1 January 2022. 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.

1. Summary of significant accounting policies - continued

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 2022. 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.

1.2 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.

1. Summary of significant accounting policies - continued

1.2 Consolidation - continued

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.

(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.

1. Summary of significant accounting policies - continued

1.2 Consolidation - continued

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.

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.

1. Summary of significant accounting policies - continued

(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.

1.3 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.

1. Summary of significant accounting policies - continued

1.4 Foreign currency translation - continued

(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.

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.

1. Summary of significant accounting policies - continued

1.5 Property, plant and equipment - continued

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.

1. Summary of significant accounting policies - continued

1.9 Financial assets - continued

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.

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. Summary of significant accounting policies - continued

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.

1.13 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. Summary of significant accounting policies - continued

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.

1.18 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. Summary of significant accounting policies - continued

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.

1.20 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

1. Summary of significant accounting policies - continued

1.20 Revenue recognition - continued

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.

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.

1. Summary of significant accounting policies - continued

1.20 Revenue recognition - continued

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).

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.

1. Summary of significant accounting policies - continued

1.20 Revenue recognition - continued

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.

1.21 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. Summary of significant accounting policies - continued

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).

1.23 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.

1. Summary of significant accounting policies - continued

1.23 Leases - continued

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.

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.

1. Summary of significant accounting policies - continued

1.23 Leases - continued

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.

1.24 Employee benefits

(a) Provisions for pensions

As explained in Note 20, 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.

1. Summary of significant accounting policies - continued

1.24 Employee benefits - continued

(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.

1.26 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.

2. Financial risk management - continued

2.1 Financial risk factors - continued

(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.

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:

	31 December 2022			31 December 2021		
Group	USD €000	**GBP €000**	**SDR €000**	**USD €000**	**GBP €000**	**SDR €000**
Trade receivables	28	-	-	57	-	4
Trade payables	(1,497)	(138)	-	(1,203)	(38)	(26)
Net recognised receivables/ (payables) denominated in foreign currency	(1,469)	(138)	-	(1,146)	(38)	(22)
Available funds in foreign currency	242	523	-	446	613	-
Net exposure	**(1,227)**	**385**	**-**	(700)	575	(22)
Company						
Trade receivables	26	-	-	57	-	4
Trade payables	(1,497)	(138)	-	(505)	(36)	(26)
Net recognised receivables/ (payables) denominated in foreign currency	(1,471)	(138)	-	(448)	(36)	(22)
Available funds in foreign currency	242	523	-	446	612	-
Net exposure	**(1,229)**	**385**	**-**	(2)	576	(22)

2. Financial risk management - continued

2.1 Financial risk factors - continued

(a) Market risk - continued

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.

(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	
	2022 €000	2021 €000	**2022 €000**	2021 €000
Financial assets measured at amortised cost				
Subject to floating rates				
Bank balances	**16,024**	39,928	**6,115**	29,500
	16,024	39,928	**6,115**	29,500
Subject to fixed rates				
Other receivables *	**229**	229	**4,229**	229
	229	229	**4,229**	229
Total	**16,253**	40,157	**10,344**	29,729

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

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

	Group		Company	
	2022	2021	**2022**	2021
	€000	€000	**€000**	€000
Financial liabilities measured at amortised cost				
Subject to floating rates				
Bank overdrafts	**(6,230)**	(712)	**(2,446)**	(227)
Bank loans	**(17,026)**	(24,958)	**(16,977)**	(24,958)
	(23,256)	(25,670)	**(19,423)**	(25,185)
Subject to fixed rates				
Bank loans	**(3,544)**	(3,536)	**-**	-
Bonds	**(99,235)**	(98,500)	**(59,259)**	(59,172)
	(102,779)	(102,036)	**(59,259)**	(59,172)
Total	**(126,035)**	(127,706)	**(78,682)**	(84,357)

*

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.

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 250 basis points (2021: 100 basis points) would have (decreased)/increased the profit for the Group and Company by €583,000 and €485,000 respectively (2021: (increase/decrease in profit by €285,000 and €280,000), which principally takes into account the impact of this shift on the interest amounts arising on variable interest borrowings as at 31 December 2022. 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.

2. Financial risk management - continued

2.1 Financial risk factors - continued

(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	
	2022 €000	2021 €000	**2022 €000**	2021 €000
Carrying amount				
Financial assets measured at amortised cost:				
Loans receivables from subsidiaries (Note 10)	**-**	-	**4,000**	-
Trade and other receivables (Note 14)	**19,280**	14,702	**19,674**	16,706
Cash and cash equivalents (Note 15)	**16,024**	39,928	**6,115**	29,500
	35,304	54,630	**29,789**	46,206

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.

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.

2. Financial risk management - continued

2.1 Financial risk factors - continued

(b) Credit risk - continued

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.

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 2022 and 31 December 2021 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 2022							
Weighted average expected loss rate	2%	5%	9%	26%	20%	75%-100%	
Gross carrying amount (€000)	4,408	3,589	2,537	1,781	1,024	18,739	**32,078**
Loss allowance (€000)	365	166	426	156	146	11,565	**12,824**
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**

2. Financial risk management - continued

2.1 Financial risk factors - continued

(b) Credit risk - continued

Company **31 December 2022**	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
Weighted average expected loss rate	2%	4%	8%	13%	20%	75%-100%	
Gross carrying amount (€000)	1,801	3,150	1,956	1,773	1,021	11,853	**21,554**
Loss allowance (€000)	278	128	145	153	143	9,901	**10,748**

Company **31 December 2021**	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
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**

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 2022 reconcile to the opening loss allowances as follows:

	Group		**Company**	
	2022 €000	2021 €000	**2022 €000**	2021 €000
Trade receivables				
Balance at 1 January	**11,913**	10,502	**10,062**	9,105
Change in loss allowances recognised in profit or loss during the year	**911**	1,411	**686**	957
Balance at 31 December	**12,824**	11,913	**10,748**	10,062
Other receivables				
Balance at 1 January	**479**	441	**229**	229
Change in loss allowances recognised in profit or loss during the year	**(3)**	38	**-**	-
Balance at 31 December	**476**	479	**229**	229

2. Financial risk management - continued

2.1 Financial risk factors - continued

(b) Credit risk - continued

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 2022, trade receivables of €1,962,000 (2021: €2,067,000) and €1,952,000 (2021: €2,067,000) 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.

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 2022 and 2021, 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.

2. Financial risk management - continued

2.1 Financial risk factors - continued

(b) Credit risk - continued

Loans receivable from subsidiaries and amounts due from subsidiaries

The Company's receivables include loans receivable from subsidiaries and other amounts owed by subsidiaries (Notes 10 and 14). 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 18), lease liabilities (Note 19) and trade and other payables (Note 21). 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.

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.

2. Financial risk management - continued

2.1 Financial risk factors - continued

(c) Liquidity risk - continued

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	20,570	22,293	6,717	6,962	7,260	1,354
Bonds	98,612	129,909	3,613	3,613	10,838	111,845
Bank overdrafts	6,230	6,239	6,239	-	-	-
Lease liabilities	55,259	64,651	9,781	9,173	16,868	28,829
Trade and other payables	68,464	68,464	62,398	6,066	-	-
31 December 2022	**249,135**	**291,556**	**88,748**	**25,814**	**34,966**	**142,028**
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

Company						
Bank loans	16,977	18,201	6,598	6,325	5,278	-
Bonds	59,259	77,109	2,013	2,013	6,038	67,045
Bank overdrafts	2,446	2,446	2,446	-	-	-
Lease liabilities	39,058	46,993	6,374	6,221	10,570	23,828
Trade and other payables	38,488	38,488	38,488	-	-	-
31 December 2022	**156,228**	**183,237**	**55,919**	**14,559**	**21,886**	**90,873**
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

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	
	2022 €000	2021 €000	**2022 €000**	2021 €000
Borrowings (Note 18)	**125,412**	127,706	**78,682**	84,357
Lease liabilities (Note 19)	**55,259**	33,947	**39,058**	27,421
Less: Cash and cash equivalents (Note 15)	**(16,024)**	(39,928)	**(6,115)**	(29,500)
Net debt	**164,647**	121,725	**111,625**	82,278
Total equity	**98,985**	109,897	**111,176**	110,547
Total capital	**263,632**	231,622	**222,801**	192,825
Net debt ratio	**62%**	53%	**50%**	43%

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 11). 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.

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

At 31 December 2022 and 2021, 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 loans and other 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.

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.

3. Critical accounting estimates and judgements - continued

3.1 Impairment testing - continued

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.

3.2 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. Critical accounting estimates and judgements - continued

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.

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, other business communication solutions and IoT services provided predominantly within Malta, mainly 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			
	2022 €000	2021 €000	**2022 €000**	2021 €000	**2022 €000**	2021 €000	**2022 €000**	2021 €000
Total revenue	**130,326**	118,012	**25,776**	25,299	**63,900**	53,503	**220,002**	196,814
Inter-segment revenue	**(4,100)**	(1,794)	**(1,255)**	(1,354)	**-**	-	**(5,355)**	(3,148)
Revenue from external customers	**126,226**	116,218	**24,521**	23,945	**63,900**	53,503	**214,647**	193,666
Reportable segment profit before tax	**19,661**	15,085	**8,283**	8,541	**(5,890)**	(5,750)	**22,054**	17,876
Tax	**(6,951)**	(5,045)	**(2,980)**	(3,031)	**64**	641	**(9,867)**	(7,435)
Results for reportable segments	**12,710**	10,040	**5,303**	5,510	**(5,826)**	(5,109)	**12,187**	10,441
Information about profit or loss:								
Finance income	**364**	377	**5**	-	**-**	-	**369**	377
Finance costs	**(3,911)**	(3,193)	**(222)**	(266)	**(2,561)**	(2,548)	**(6,694)**	(6,007)
Depreciation and amortisation	**(30,558)**	(28,878)	**(2,105)**	(2,295)	**(20,311)**	(18,533)	**(52,974)**	(49,706)
Other non-cash items								
Change in credit loss allowances in respect of trade receivables	**(686)**	(957)	**40**	(16)	**(262)**	(476)	**(908)**	(1,449)

4. Segment information - continued

4.1 Operating segments - continued

Information about reportable segments

	Malta operations				Cyprus operations		Total	
	Telecommunications		Data Centre		Telecommunications			
	2022 €000	2021 €000	**2022 €000**	2021 €000	**2022 €000**	2021 €000	**2022 €000**	2021 €000
Reportable segment assets	**239,454**	226,802	**25,321**	25,771	**138,830**	118,364	**403,605**	370,937
Capital expenditure	**45,986**	31,435	**1,043**	1,943	**22,226**	21,244	**69,255**	54,622
Reportable segment liabilities	**184,228**	165,140	**14,265**	14,984	**106,127**	80,916	**304,620**	261,040

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:

	2022	2021
	€000	€000
Profit		
Total profit for reportable segments and consolidated profit after tax	**12,187**	10,441
Assets		
Total assets for reportable segments	**403,605**	370,937
Inter-segment eliminations	**(7,377)**	(2,306)
Consolidated total assets	**396,228**	368,631
Liabilities		
Total liabilities for reportable segments	**304,620**	261,040
Inter-segment eliminations	**(7,377)**	(2,306)
Consolidated total liabilities	**297,243**	258,734

4.2 Information about geographical segments

The Group's revenues are derived from operations carried out principally 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 2021						
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
Year ended 31 December 2022						
Opening net book amount	10,639	138,317	13,905	595	352	163,808
Additions	457	37,608	5,651	116	-	43,832
Disposals and write-offs	-	(5,401)	(5,297)	(123)	(610)	(11,431)
Other movements	(364)	-	-	-	-	(364)
Depreciation charge	(337)	(26,423)	(7,292)	(233)	-	(34,285)
Depreciation/impairment released on disposals and write-offs	-	4,863	5,297	42	258	10,460
Depreciation released on other movements	134	-	-	-	-	134
Closing net book amount	**10,529**	**148,964**	**12,264**	**397**	**-**	**172,154**
At 31 December 2022						
Cost or valuation	12,745	396,056	37,080	1,011	-	446,892
Accumulated depreciation and impairment charges	(2,216)	(247,092)	(24,816)	(614)	-	(274,738)
Net book amount	**10,529**	**148,964**	**12,264**	**397**	**-**	**172,154**

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 2021						
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
Year ended 31 December 2022						
Opening net book amount	4,261	96,812	10,348	12	-	111,433
Additions	-	23,511	5,041	102	-	28,654
Disposals and write-offs	-	(5,023)	(5,297)	-	-	(10,320)
Depreciation charge	(23)	(17,218)	(5,295)	(11)	-	(22,547)
Depreciation released on disposals and write-offs	-	4,840	5,297	-	-	10,137
Closing net book amount	**4,238**	**102,922**	**10,094**	**103**	**-**	**117,357**
At 31 December 2022						
Cost or valuation	4,432	311,103	20,720	381	-	336,636
Accumulated depreciation	(194)	(208,181)	(10,626)	(278)	-	(219,279)
Net book amount	**4,238**	**102,922**	**10,094**	**103**	**-**	**117,357**

5. Property, plant and equipment - continued

Fair valuation of land and buildings

The Company's land and buildings within property, plant and equipment, with a carrying amount of €4,238,000 (2021: €4,261,000) at the end of the reporting period, were revalued on 31 December 2020 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 2022, 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 €1,958,000 (2021: €1,846,000) 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 2022 and no adjustments to the carrying amounts were deemed necessary as at that date.

During the year ended 31 December 2020 BMIT Technologies p.l.c., a subsidiary, acquired property which has a carrying amount of €4,327,000 (2022: €4,532,000) as at 31 December 2022. 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 2022, 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 2022 and 2021 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 2022 and 2021.

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

Description by class based on highest and best use	**At 31 December 2022 and 2021** Valuation technique	Significant unobservable input	Range of unobservable inputs (weighted average) €	Fair value €000
Current use as office premises	Adjusted sales comparison approach	Sales price per square metre	1,000 – 2,650 (1,500)	4,238 (2021: 4,261)

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**	
	2022 €'000	2021 €000	**2022 €'000**	2021 €000
Cost	**12,817**	12,533	**3,883**	3,883
Accumulated depreciation	**(3,091)**	(2,561)	**(685)**	(642)
Net book amount	**9,726**	9,972	**3,198**	3,241

5. Property, plant and equipment - continued

Depreciation and impairment charge

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

	Group		Company	
	2022 €'000	2021 €000	**2022 €'000**	2021 €000
Cost of sales	**33,835**	31,999	**22,547**	21,321
Administrative and other related expenses	**450**	394	**-**	-
	34,285	32,393	**22,547**	21,321

Recoverability of the telecommunications infrastructure

At 31 December 2022, the Group's telecommunications infrastructure and licences together with related tangible, intangible and other assets, attributable to the Malta Telecommunications and Cyprus Telecommunications CGUs, were carried at an aggregate amount of €178,812,000 (2021: €168,394,000) and €73,399,000 (2021: €48,200,000) 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 specific property lease arrangements, the extension periods have been included in determining lease term for the respective arrangement.

6. Right-of-use assets - continued

Group			As at 31 December 2022				
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	7	6	28	5	12
Equipment and motor vehicles	136	1 – 5	2	-	5	-	-
Spectrum licences	6	1 – 12	7	-	-	-	-
			As at 31 December 2021				
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			**As at 31 December 2022**				
Properties	14	1 – 22	10	12	13	5	-
Equipment and motor vehicles	12	1 – 4	2	1	5	-	-
Spectrum licences	6	1 – 11	7	-	-	-	-
			As at 31 December 2021				
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**	
	2022 €000	2021 €000	**2022 €000**	2021 €000
Properties	**28,549**	18,099	**23,109**	12,285
Equipment and motor vehicles	**1,830**	1,934	**1,263**	1,459
Spectrum licences	**28,801**	12,661	**13,410**	12,661
Total right-of-use assets	**59,180**	32,694	**37,782**	26,405

6. Right-of-use assets - continued

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

	Group		Company	
	2022	2021	**2022**	2021
	€000	€000	**€000**	€000
At 1 January	**32,694**	45,633	**26,405**	38,929
Additions	**33,938**	2,156	**16,286**	1,080
Impacts of reassessment of lease term, in respect of extensions	**-**	(9,017)	**-**	(9,017)
Impact of derecognition of leased Assets	**-**	(124)	**-**	-
Impacts of reassessment of lease payments, determined on the basis of an index	**126**	117	**126**	117
Depreciation	**(7,578)**	(6,071)	**(5,035)**	(4,704)
At 31 December	**59,180**	32,694	**37,782**	26,405

Additions to the Company's right-of-use assets during the current financial year amounting to €12,845,000 related to property, €339,000 related to equipment, and €3,102,000 related to spectrum licences. The Group's additions included €13,613,000 relating to property, €820,000 relating to equipment and motor vehicles and €19,505,000 relating to spectrum licences.

During 2022, Cablenet's 4G and 5G spectrum licences have been recognised as additions to right-of-use assets, amounting to €16,403,000, given that the licences were made available to the company taking cognisance of the various conditions attached being met.

During 2021, 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.

6. Right-of-use assets - continued

The income statement includes the following amounts relating to leases:

	Group		Company	
	2022	2021	**2022**	2021
	€000	€000	**€000**	€000
Depreciation charge of right-of-use assets				
Properties	**3,450**	3,170	**2,144**	2,005
Equipment and motor vehicles	**763**	683	**539**	481
Spectrum licences	**3,365**	2,218	**2,352**	2,218
	7,578	6,071	**5,035**	4,704
Interest expense (included in finance costs)	**1,491**	1,272	**1,008**	1,080
Gain recognised on reassessment of lease term (included in Other income)	**-**	277	**-**	277
Expenses relating to short-term leases	**1,572**	2,169	**1,384**	1,224

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 2021							
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
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 (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

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 2022							
Opening net book amount	7,932	4,916	7,693	12,993	9,580	27,917	71,031
Additions	9,969	1,172	-	3,865	-	-	15,006
Development	-	1,659	-	-	-	-	1,659
Acquisition of business (Note 8)	-	1,878	-	-	-	-	1,878
Expiration of rights	-	(1,459)	-	(1,988)	-	-	(3,447)
Reclassification	9,580	-	-		(9,580)	-	-
Amortisation charge	(1,639)	(2,696)	(656)	(6,120)	-	-	(11,111)
Amortisation released on expiration of rights	-	1,459	-	1,596	-	-	3,055
Closing net book amount	**25,842**	**6,929**	**7,037**	**10,346**	**-**	**27,917**	**78,071**
At 31 December 2022							
Cost	36,901	12,444	28,495	29,485	-	28,266	135,591
Accumulated amortisation and impairment charges	(11,059)	(5,515)	(21,458)	(19,139)	-	(349)	(57,520)
Net book amount	**25,842**	**6,929**	**7,037**	**10,346**	**-**	**27,917**	**78,071**

7. Intangible assets - continued

Company

	IRUs and DDPs €000	Computer software €000	Broadcasting rights €000	Payments on account and assets in the course of construction €000	Total €000
At 1 January 2021					
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
Year ended 31 December 2022					
Opening net book amount	-	3,312	611	9,580	13,503
Additions	2,202	-	3,865	-	6,067
Development	-	1,685	-	-	1,685
Expiration of rights	-	(1,459)	(1,596)	-	(3,055)
Transfer from payments on account	9,580	-	-	(9,580)	-
Amortisation charge	(222)	(1,567)	(1,125)	-	(2,914)
Amortisation released on expiration of rights	-	1,459	1,596	-	3,055
Closing net book amount	**11,560**	**3,430**	**3,351**	**-**	**18,341**
At 31 December 2022					
Cost	12,469	9,088	3,861	-	25,418
Accumulated amortisation	(909)	(5,658)	(510)	-	(7,077)
Net book amount	**11,560**	**3,430**	**3,351**	**-**	**18,341**

7. Intangible assets - continued

The amount of €9,580,000 reflected in the above table for the year ended 31 December 2021, as Payments on account and assets in the course of construction, represented 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 grants access to utilise bandwidth or capacity attributable to the main submarine cable, and in substance constitutes 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 preceding financial 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. This submarine cable was completed and activated during the current financial year.

The Group's additions also include the acquisition of IRUs by Cablenet through a sub-sea cable which has been activated during the current financial year.

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:

	2022	2021
	€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.

7. Intangible assets - continued

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 subscribers and revenue primarily driven by a strategy to focus on mobile driven revenue after Cablenet's investment in its own spectrum licence for 4G and 5G and the continued expansion of the fibre optic network; 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, with limited operating expenses, creating a potentially significant operating leverage impact.

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 steady turnover and profit margins over the five-year period, through the diversification of the portfolio offering by focusing on providing a full-suite technology advisor role to customers; and
- stable 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 2022 and 2021, are disclosed in the table below:

	Terminal value growth rate % 2022	**Post-tax discount rate % 2022**	Terminal value growth rate % 2021	Post-tax discount rate % 2021
Cyprus Telecommunications CGU	**2.0**	**10.2**	2.0	8.7
Malta Data Centre CGU	**1.0**	**9.4**	1.8	9.4

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.

7. Intangible assets - continued

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 2022**	Year-end carrying amount 2021	Acquisition date fair value	**Year-end carrying amount 2022**	Year-end carrying amount 2021
	€000	**€000**	€000	€000	**€000**	€000
Cyprus Telecommunications CGU	4,295	**4,295**	4,295	12,480	**1,917**	2,571
Malta Data Centre CGU	1,876	**228**	228	9,778	**22**	30

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 2022, the residual value was based on a terminal growth rate of 1.5%. An indefinite useful life was deemed appropriate for the Cablenet brand.

7. Intangible assets - continued

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.

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	
	2022	2021
	€000	€000
Cost and carrying amount at beginning of year	**51,587**	50,877
Additions/acquisitions	**6,839**	710
Cost and carrying amount at end of year	**58,426**	51,587

The carrying amount of the investments at 31 December 2022 and 2021 is equivalent to the cost of the investments. The subsidiaries at 31 December 2022 and 2021 are shown below:

Subsidiary	Registered office	Percentage of shares held		Nature of business
		2022 %	2021 %	
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	**70.2**	63.4	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
Sens Innovation Group Limited	115, Gardenia Vjal Il-Qalbiena Mostin Mosta	**76.0**	-	Energy management IoT solutions

8. Investments in subsidiaries - continued

BMIT Technologies p.l.c. (BMITT) holds 99.9% (2021: 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.

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

SENS Innovation Group Limited (SENS) holds 100% in LLobeno Limited and ESDL - UK Limited. The companies provide energy management IoT solutions. The registered office of Llobeno Limited is 115, Gardenia, Vjal il-Qalbiena Mostin, Mosta, MST2354 Malta and that of ESDL - UK Limited is Wellesley House, 204, London Road, Waterlooville, Hampshire, England PO77AN.

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

During the year ended 31 December 2022, GO executed a share purchase agreement dated 19 July 2022 with inter alia Mr. Nicolas Shiacolas for the purchase and acquisition of an additional two hundred and thirty thousand (230,000) shares with a nominal value of €1.71 each (the 'Shares') in Cablenet. The Shares being acquired in terms of the Agreement represent 6.84% of the total issued share capital in Cablenet and therefore increases the Company's ownership in Cablenet from 63.38% to 70.22%. The purchase price for the acquisition of the Shares is €5,750,000 which was payable in full upon completion of the acquisition. As at the date of this transaction, the carrying amount attributable to the non-controlling interest stake in this subsidiary which has been acquired, was €713,000. The purchase consideration exceeded the amounts attributable to the non-controlling interest acquired by €5,037,000, which difference was recognised directly in equity

The agreement also grants the Company an option to acquire the remaining equity in Cablenet at any time during a three (3) year period as from the date of the agreement, at different pre-established prices per share for specific time periods. The positive fair value of this derivative contract was estimated at an amount of €2,691,000 as at the date of the agreement. This contract is deemed to give rise to a derivative financial instrument within the Company's separate financial statements, but since its fair valuation is based on a valuation technique that uses mainly data which is not sourced from observable markets, the resultant day 1 gain has been deferred. For the purposes of the consolidated financial statements, the contract meets the definition of an equity instrument as a call option in respect of the entity's own equity shares (non-controlling interests) which will be settled through the exchange of a fixed amount of cash for a fixed number of the entity's own equity instruments. Accordingly, the fair value of this contract has been intrinsically reflected directly within equity as highlighted above. No material shifts in fair value of this contract have been identified between the date of the agreement and 31 December 2022.

Acquisition of Sens Innovation Group Limited

On 17 March 2022, the Company announced that it had concluded a transaction that will result in subscription by GO, of newly issued ordinary share of Sens Innovation Group Limited (C101007) ('SENS') with the intention of owning 76% shareholding in this company. On 23 March 2022, the shares had been issued in favour of the Company and Sens became a majority owned subsidiary of the Company.

8. Investments in subsidiaries - continued

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 purpose to drive 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.

The total consideration payable for the subscription of the shares was €1 million, with the possibility of a further €1.85 million earn out depending on the performance of SENS over a period of three years. The fair value of the contingent consideration element is deemed insignificant to GO as a reporting entity in view of the applicable terms and accordingly no provision for this amount has been recognised in this respect.

	€000
Fair value of initial 76% equity holding in Sens as at acquisition date	1,000

The estimated fair values of identifiable assets and liabilities of Sens as at date of acquisition were as follows:

	€000
Intangible assets:	
Intellectual property	1,878
Current assets (principally inventory and trade and other receivables)	1,080
Trade and other payables	(1,642)
Net identifiable assets acquired	1,316
Net Identifiable assets attributable to non-controlling interests	(316)
	1,000

Non-controlling interests have been measured at the related proportion of the net identifiable assets at acquisition.

No further disclosures in respect of this acquisition were deemed necessary, in view of the fact that the acquired subsidiary is not deemed material to GO, as a reporting entity in terms of the requirements of IFRS 3 Business Combinations.

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**	
	2022	2021	**2022**	2021
	€000	€000	**€000**	€000
Current assets	**13,923**	11,997	**8,913**	7,707
Current liabilities	**39,956**	22,650	**7,939**	7,979
Current net (liabilities)/assets	**(26,033)**	(10,653)	**974**	(272)
Non-current assets	**96,522**	76,346	**16,577**	17,806
Non-current liabilities	**67,349**	57,331	**6,493**	6,747
Non-current net assets	**29,173**	19,015	**10,084**	11,059
Net assets	**3,140**	8,362	**11,058**	10,787
Accumulated NCI	**2,561**	5,276	**5,418**	5,286
Summarised statement of comprehensive income				
Revenue	**63,900**	53,503	**25,781**	25,300
(Loss)/profit for the period	**(5,222)**	(4,571)	**5,355**	5,063
(Loss)/profit allocated to NCI	**(1,555)**	(1,673)	**2,624**	2,480
Dividends paid to NCI	**-**	-	**2,491**	2,915
Summarised cash flows				
Cash flows from operating activities	**20,606**	13,851	**6,860**	9,950
Cash flows from investing activities	**(19,900)**	(20,998)	**(851)**	(1,657)
Cash flows from financing activities	**(4,215)**	(713)	**(5,561)**	(6,408)
Net (decrease)/increase in cash and cash equivalents	**(3,509)**	(7,860)	**448**	1,885

9. Investments in associates

	Group	
	2022	2021
	€000	€000
Year ended 31 December		
Opening carrying amount	**2,188**	2,188
Additions/acquisitions	**219**	-
Impairment	**(115)**	-
Closing carrying amount	**2,292**	2,188
At 31 December		
Cost	**2,407**	2,188
Accumulated impairment	**(115)**	-
Carrying amount	**2,292**	2,188

Set out below are the associates of the Group as at 31 December 2022. 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 EBO Ltd

On 2 December 2020, BMIT Technologies p.l.c. 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. A further amount of €15,000 was injected by BMIT Technologies p.l.c. during 2022, as a result of which the Group retained its 15% shareholding in EBO Ltd.

EBO is a technology company, incorporated in Malta, whose shares are not listed on the Malta Stock Exchange. It is 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 and Company are classifying this interest as an investment in associate, despite holding an effective shareholding and voting rights of 15%. BMIT Technologies p.l.c. has a right to appoint one director out of a maximum of seven directors. As at 31 December 2021 and 31 December 2022, BMIT Technologies p.l.c. 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.

9. Investments in associates - continued

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

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.

	2022	2021
	€000	€000
Summarised statement of financial position		
Non-current assets		
Intangible assets	**1,657**	796
Other non-current assets	**1,238**	1,083
Total non-current assets	**2,895**	1,879
Current assets		
Trade receivables	**444**	471
Cash and cash equivalents	**286**	110
Total current assets	**730**	581
Non-current liabilities	**(656)**	(780)
Current liabilities	**(1,443)**	(323)
Net assets	**1,526**	1,357
Reconciliation to carrying amounts:		
Opening net assets of investee at beginning of year	**1,357**	1,655
Results for the period	**47**	(285)
Other comprehensive income	**122**	(13)
Closing net assets of investee at end of year	**1,526**	1,357
Group's share in %	**15%**	15%
Group's share of net assets	**229**	204
Group's share of closing net assets reflected in the financial statements	**263**	248
Notional goodwill	**1,319**	1,319
Carrying amount at end of year	**1,582**	1,567

9. Investments in associates - continued

	2022 €000	2021 €000
Summarised statement of comprehensive income		
Revenue	**1,067**	560
Profit/(loss) from continued operations	**47**	(285)
Profit/loss for the period	**47**	(285)
Other comprehensive income	**122**	(13)
Total comprehensive income	**169**	(298)

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. This arrangement is intrinsically deemed to constitute the Group's equity investment taking into account the consequential financial reporting effects. 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. During the current year, GO invested an additional €200,000 bringing up its deemed shareholding in Mindbeat to 34%.

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 2022 amounting to €303,000 (2021: €551,000) and registered a loss amounting to €205,000 (2021: €225,000) during the year ended 31 December 2022.

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. During 2022, the company did not operate. The carrying amount of the investment was fully impaired as at 31 December 2022 since there are no plans to seek the commencement of operations going forward.

10. Loans receivable from subsidiaries

	Company	
	2022 **€000**	2021 €000
Advances effected during the year and Carrying amount at end of year	**4,000**	-

Pursuant to a loan agreement dated 2 June 2022, a loan facility amounting to €3,500,000 was made available to Cablenet, the full amount was utilised by Cablenet by 31 December 2022. The loan amount has to be repaid by 2 June 2027 and is subject to a two-year moratorium as from 2 July 2022, during which Cablenet shall pay only the interest portion of the loan. Interest is paid quarterly in arrears and is calculated based on the average daily outstanding amounts during the quarter. Following the moratorium period, capital and interest payments are to be effected in quarterly instalments. Throughout the loan term, interest accrues on a day-to-day basis at the rate of 4% per annum.

As part of the acquisition of SENS, GO granted a loan facility amounting to €500,000 to SENS, which amount has been drawn down by SENS by 31 December 2022. The loan is subject to a 4% interest rate with effect from first draw down date. The interest is paid bi-annually with the first interest being due on the lapse of the first six month period after the first drawdown. The loan does not have a repayment date and if the amount due is not paid until 1 April 2027, the loan will be converted into ordinary shares. Considering the immateriality of the loan facility to GO as a reporting entity, no further financial reporting considerations were deemed necessary in respect of the Group's equity investment in SENS.

11. Other investments

	Group		Company	
	2022 **€000**	2021 €000	**2022** **€000**	2021 €000
Financial assets at fair value through other comprehensive income				
Cost	**2,644**	2,744	**1,770**	1,770
Accumulated impairment losses	**(1,770)**	(1,770)	**(1,770)**	(1,770)
	874	974	**-**	-

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.

11. Other investments - continued

At 31 December 2022 and 2021, the Company's FVOCI financial assets included:

	Group		Company	
	2022	2021	**2022**	2021
	€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**	168	**-**	-
Enternships Ltd	**300**	300	**-**	-
Gremer Ltd	**-**	100	**-**	-
	874	974	**-**	-

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 (2021: €229,000), had also been written down to nil in view of the impairment indicators highlighted above (Note 14).

During 2022, the Group disposed of its investment in Gremer Ltd and recognised an immaterial loss.

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.

12. 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% (2021: 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% (2021: 10%) of the transfer value. The tax rate applied in Cyprus in respect of the taxable profits attributable to Cablenet is 12.5% (2021: 12.5%).

12. Deferred tax assets and liabilities - continued

The balance at 31 December represents temporary differences attributable to:

Group	Assets		Liabilities		Net	
	2022 €000	2021 €000	**2022 €000**	2021 €000	**2022 €000**	2021 €000
Depreciation of property, plant and equipment	**-**	-	**(10,378)**	(9,731)	**(10,378)**	(9,731)
Fair valuation of land and buildings	**-**	-	**(362)**	(362)	**(362)**	(362)
Intangible assets	**-**	-	**(752)**	(790)	**(752)**	(790)
Provisions for pensions and other liabilities	**1,463**	1,557	**-**	-	**1,463**	1,557
Credit loss allowances on trade receivables and other assets	**3,788**	3,563	**-**	-	**3,788**	3,563
Others	**1,710**	1,301	**-**	-	**1,710**	1,301
Tax assets/(liabilities)	**6,961**	6,421	**(11,492)**	(10,883)	**(4,531)**	(4,462)
Offsetting	**(5,920)**	(5,707)	**5,920**	5,707	**-**	-
Net tax assets/(liabilities)	**1,041**	714	**(5,572)**	(5,176)	**(4,531)**	(4,462)

Company	Assets		Liabilities		Net	
	2022 €000	2021 €000	**2022 €000**	2021 €000	**2022 €000**	2021 €000
Depreciation of property, plant and equipment	**-**	-	**(9,708)**	(9,039)	**(9,708)**	(9,039)
Fair valuation of land and buildings	**-**	-	**(362)**	(362)	**(362)**	(362)
Intangible assets	**-**	-	**(271)**	(213)	**(271)**	(213)
Provisions for pensions and other liabilities	**1,463**	1,557	**-**	-	**1,463**	1,557
Credit loss allowances on trade receivables and other assets	**3,761**	3,521	**-**	-	**3,761**	3,521
Others	**752**	600	**-**	-	**752**	600
Tax assets/(liabilities)	**5,976**	5,678	**(10,341)**	(9,614)	**(4,365)**	(3,936)
Offsetting	**(5,976)**	(5,678)	**5,976**	5,678	**-**	-
Net tax liabilities	-	-	**(4,365)**	(3,936)	**(4,365)**	(3,936)

12. 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 2021 €000	Recognised in profit or loss €000	Recognised in other comprehensive income €000	Balance 31 December 2021 €000	Recognised in profit or loss €000	Recognised in other comprehensive income €000	**Balance 31 December 2022 €000**
Property, plant and equipment	(8,176)	(1,555)	-	(9,731)	(647)	-	**(10,378)**
Intangible assets	(1,290)	500	-	(790)	38	-	**(752)**
Provisions for pensions and other liabilities	1,809	(240)	(12)	1,557	(29)	(65)	**1,463**
Expected credit losses on trade receivables and other assets	3,223	340	-	3,563	225	-	**3,788**
Others	786	515	-	1,301	409	-	**1,710**
	(3,648)	(440)	(12)	(4,100)	(4)	(65)	**(4,169)**
Revaluation of land and buildings	(362)	-	-	(362)	-	-	**(362)**
	(4,010)	(440)	(12)	(4,462)	(4)	(65)	**(4,531)**

At 31 December 2022, the Group and the Company had unrecognised deferred tax assets amounting to €46,073,000 (2021: €46,073,000) in respect of impairment and other losses on investments and unabsorbed capital losses. Capital losses are only available for offset against future capital gains.

12. 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 2021 €000	Recognised in profit or loss €000	Recognised in other comprehensive income €000	Balance 31 December 2021 €000	Recognised in profit or loss €000	Recognised in other comprehensive income €000	**Balance 31 December 2022 €000**
Property, plant and equipment	(7,759)	(1,280)	-	(9,039)	(669)	-	**(9,708)**
Intangible assets	(273)	60	-	(213)	(58)	-	**(271)**
Provisions for pensions and other liabilities	1,809	(240)	(12)	1,557	(29)	(65)	**1,463**
Expected credit losses on trade receivables and other assets	3,187	334	-	3,521	240	-	**3,761**
Others	602	(2)	-	600	152	-	**752**
	(2,434)	(1,128)	(12)	(3,574)	(364)	(65)	**(4,003)**
Revaluation of land and buildings	(362)	-	-	(362)	-	-	**(362)**
	(2,796)	(1,128)	(12)	(3,936)	(364)	(65)	**(4,365)**

13. Inventories

	Group		Company	
	2022	2021	**2022**	2021
	€000	€000	**€000**	€000
Operating spares	**8,277**	7,852	**8,150**	7,674
Goods held for resale	**1,453**	620	**381**	283
	9,730	8,472	**8,531**	7,957

The cost of inventories recognised as expense is disclosed in Note 23. During the current financial year, an increase in provisions for obsolescence of inventories amounting to €149,000 (2021: €257,000) for the Group and an increase of €121,000 (2021: 237,000) for the Company, have been reflected in these financial statements. Inventory write-downs during the year amounted to €9,000 (2021: €25,000) and €8,000 (2021: €18,000) for the Group and Company respectively.

Provisions for obsolescence of inventories are as follows:

	Group		Company	
	2022	2021	**2022**	2021
	€000	€000	**€000**	€000
At end of year	**661**	512	**546**	425

14. Trade and other receivables

	Group		Company	
	2022	2021	**2022**	2021
	€000	€000	**€000**	€000
Non-current				
Trade receivables – net of provisions	**1,536**	-	**-**	-
Amounts owed by subsidiaries	**-**	-	**2,848**	2,848
Contract assets	**2,990**	3,583	**2,783**	3,409
Costs incurred in obtaining contracts	**321**	294	**321**	294
Costs incurred to fulfill contracts	**269**	489	**-**	-
Prepayments	**3,463**	6,831	**-**	-
Other assets	**55**	73	**3**	16
	8,634	11,270	**5,955**	6,567
Current				
Trade receivables – net of provisions	**17,718**	13,100	**10,806**	9,685
Amounts owed by subsidiaries	**-**	-	**4,512**	2,628
Other receivables – net of provisions	**709**	647	**686**	647
Contract assets	**8,364**	7,245	**8,364**	7,245
Costs incurred in obtaining contracts	**1,066**	988	**1,066**	988
Costs incurred to fulfill contracts	**810**	676	**-**	-
Prepayments	**19,353**	13,772	**13,556**	8,943
Other assets	**21**	15	**21**	15
	48,041	36,443	**39,011**	30,151

14. Trade and other receivables - continued

The Cypriot subsidiary had 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 €6,351,000 (2021: €6,366,000) and €5,261,000 (2021: €4,869,000) 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. An amount of €2,359,000 (2021: nil), included in the non-current prepayments and €4,044,000 (2021: €2,793,000) in the current prepayments, is the result of the agreement signed between Cablenet and two other football broadcasting rights holders to allow each party the broadcasting of the combined pool of content.

Non-current and current prepayments as at 31 December 2021 included amounts paid of €2,742,000 and €1,529,000 respectively, in respect of Cablenet's 4G and 5G mobile spectrum licence. Mobile spectrum has been acquired as part of the subsidiary's expansion of its mobile telephony services (also refer to Note 6). Non-current prepayments as at 31 December 2021 also comprised payments effected of €1,800,000 for the acquisition of IRUs through a sub-sea cable which has been activated during the current year (also refer to Note 7).

Current amounts owed by subsidiaries as at 31 December 2022 are unsecured, interest-free and repayable on demand. Non-current amounts owed by subsidiaries as at 31 December 2022 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	
	2022	2021	**2022**	2021
	€000	€000	**€000**	€000
Trade receivables	**12,824**	11,913	**10,748**	10,062
Other receivables	**476**	479	**229**	229
Total credit loss allowances	**13,300**	12,392	**10,977**	10,291

14. 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 2022 and 2021:

Group	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

	As at 1 January 2022	Business related variations		**As at 31 December 2022**
	€000	€000		**€000**
Contract assets				
Accrued income	4,088	563		**4,651**
		Originations	Amortisation/ recognition in profit or loss	
		€000	€000	
Revenue allocated to subsidised handsets	4,408	3,547	(3,613)	**4,342**
Revenue allocated to discounted part of contract term	235	1,348	(1,048)	**535**
Free credits under subscriber agreements	2,097	1,488	(1,759)	**1,826**
Total contract assets	10,828			**11,354**
Costs incurred in obtaining contracts	1,282	1,545	(1,440)	**1,387**
Costs incurred to fulfill contracts	1,165	883	(969)	**1,079**

14. Trade and other receivables - continued

Company	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

	As at 1 January 2022	Business related variations		**As at 31 December 2022**
	€000	€000		**€000**
Contract assets				
Accrued income	3,914	530		**4,444**
		Originations	Amortisation/ recognition in profit or loss	
		€000	€000	
Revenue allocated to subsidised handsets	4,408	3,547	(3,613)	**4,342**
Revenue allocated to discounted part of contract term	235	1,348	(1,048)	**535**
Free credits under subscriber agreements	2,097	1,488	(1,759)	**1,826**
Total contract assets	10,654			**11,147**
Costs incurred in obtaining contracts	1,282	1,545	(1,440)	**1,387**

15. Cash and cash equivalents

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

	Group		Company	
	2022 €000	2021 €000	**2022 €000**	2021 €000
Cash at bank and in hand	**16,024**	39,928	**6,115**	29,500
Bank overdrafts (Note 18)	**(6,230)**	(712)	**(2,446)**	(227)
Cash pledged as guarantees	**(3,594)**	(5,134)	**(536)**	(618)
	6,200	34,082	**3,133**	28,655

Cash pledged as guarantees includes:

- €1,317,000 (2021: €1,669,000) cash collateral in respect of Good Payment Letters of Guarantee expiring on 14 June 2023, in favour of Cypriot regulatory authorities, relating to 4G radio spectrum frequencies.
- €683,000 (2021: €683,000) cash collateral in respect of Good Payment Letters of Guarantee expiring on 20 July 2023, in favour of Cypriot regulatory authorities, relating to 5G radio spectrum frequencies.
- €1,050,000 (2021: €1,575,000) representing cash collateral in respect of a Letter of Guarantee in favour of a third party expiring on 15 June 2023, relating to the RAN Sharing agreement signed with this third party.

16. Share capital

	Company	
	2022 €000	2021 €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

17. Reserves

Group

	Property revaluation reserve €000	Other reserve €000	Total €000
At 1 January 2021 (restated)	1,676	(1,484)	192
Remeasurements of defined benefit obligations:			
- Actuarial gains	-	34	34
- Deferred taxes thereon	-	(12)	(12)
At 31 December 2021 (restated)	1,676	(1,462)	214
At 1 January 2022 (restated)	1,676	(1,462)	214
Remeasurements of defined benefit obligations:			
- Actuarial gains	-	187	187
- Deferred taxes thereon	-	(65)	(65)
At 31 December 2022	**1,676**	**(1,340)**	**336**

*The net impact of the Group's transactions with non-controlling interests (comprising acquisitions and disposals of non-controlling stakes in subsidiaries) effected in previous financial years, reflected within equity in accordance with the Group's accounting policy, amounted to €35.8 million as at 31 December 2021 and €36.4 million at 1 January 2021. This amount was reflected under the caption Reserves in previous financial years but the Directors felt that such amount should actually be presented within the caption Retained Earnings to reflect better the nature of such impacts. Comparative figures disclosed in the main components of these financial statements have been accordingly restated to reflect this fairer presentation. The Group's total equity remains unchanged and accordingly further disclosures are not deemed necessary.

17. Reserves - continued

Company

	Merger reserve €000	Property revaluation reserve €000	Other reserve €000	Total €000
At 1 January 2021	3,851	1,676	(1,484)	4,043
Remeasurements of defined benefit obligations:				
- Actuarial gains	-	-	34	34
- Deferred taxes thereon	-	-	(12)	(12)
At 31 December 2021	3,851	1,676	(1,462)	4,065
At 1 January 2022	3,851	1,676	(1,462)	4,065
Remeasurements of defined benefit obligations:				
- Actuarial gains	-	-	187	187
- Deferred taxes thereon	-	-	(65)	(65)
Balance at 31 December 2022	**3,851**	**1,676**	**(1,340)**	**4,187**

These reserves are non-distributable.

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

The other reserve reflect the impact of actuarial gains and losses recognised in other comprehensive income in respect of provisions for pensions (Note 20) in accordance with the Group's accounting policy.

18. Borrowings

	Group		Company	
	2022	2021	**2022**	2021
	€000	€000	**€000**	€000
Non-current liabilities				
Bonds (i)	**98,612**	98,500	**59,259**	59,172
Secured bank loans (ii)	**14,651**	23,180	**11,058**	19,644
	113,263	121,680	**70,317**	78,816
Current liabilities				
Secured bank loans (ii)	**5,919**	5,314	**5,919**	5,314
Bank overdrafts (iii)	**6,230**	712	**2,446**	227
	12,149	6,026	**8,365**	5,541
Total borrowings	**125,412**	127,706	**78,682**	84,357

Group			**2022**		2021	
	Currency	**Year of maturity**	**Face value €000**	**Carrying amount €000**	Face value €000	Carrying amount €000
4% Bond	euro	2030	**40,000**	**39,353**	40,000	39,328
3.5% Bond	euro	2031	**60,000**	**59,259**	60,000	59,172
			100,000	**98,612**	100,000	98,500
Bank loans						
Loan 1	euro	2024	**9,550**	**9,544**	13,350	13,337
Loan 2	euro	2023	**-**	**-**	4,190	4,190
Loan 3	euro	2025	**7,438**	**7,433**	7,438	7,431
Loan 4	euro	2030	**3,600**	**3,551**	3,600	3,536
Loan 5	stg	2026	**42**	**42**	-	-
			20,630	**20,570**	28,578	28,494

18. Borrowings - continued

Company

	Currency	Year of maturity	**2022** Face value €000	**2022** Carrying amount €000	2021 Face value €000	2021 Carrying amount €000
3.5% Bond	euro	2031	**60,000**	**59,259**	60,000	59,172

	Currency	Year of maturity	**Face value €000**	**Carrying amount €000**	Face value €000	Carrying amount €000
Bank loans						
Loan 1	euro	2024	**9,550**	**9,544**	13,350	13,337
Loan 2	euro	2024	**-**	**-**	4,190	4,190
Loan 3	euro	2025	**7,438**	**7,433**	7,438	7,431
			16,988	**16,977**	24,978	24,958

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 2022 is net of unamortised issue costs amounting to €650,000, with the gross amount of issue costs of €700,000. These bonds are unsecured, subject to a fixed interest rate of 4% and are repayable on 19 August 2030. On 21 August 2020 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 2022 was €97.5 (2021: €102.5).

On 25 May 2021, GO secured the approval by the Malta Financial Services Authority of the prospectus relating to the Bond Issue to the public in Malta, of 3.5% unsecured bonds with an aggregate principal amount of €60 million which comprise 60,000 bonds with a nominal value of €1,000 each, and of the admissibility to listing of the Bonds pursuant to the Capital Market Rules,. The carrying amount as at 31 December 2022 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 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 2022 was €93.0 (2021: €103).

18. Borrowings - continued

	Group		Company	
	2022 €000	2021 €000	**2022 €000**	2021 €000
Gross proceeds				
40,000 4% bonds 20310	**40,000**	40,000	**-**	-
60,000 3.5% bonds 2031	**60,000**	60,000	**60,000**	60,000
Balance at 31 December	**100,000**	100,000	**60,000**	60,000
Issue costs: gross amounts	**1,572**	1,572	**872**	872
Accumulated amortisation				
Balance at 1 January	**72**	25	**44**	-
Amortisation for the year	**112**	47	**87**	44
Balance at 31 December	**184**	72	**131**	44
Unamortised issue costs	**1,388**	1,500	**741**	828
Carrying amount as at 31 December	**98,612**	98,500	**59,259**	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 3 (2021: Loans 1, 2 and 3) are subject to a floating interest rate computed using 3-month Euribor. Loan 2 was fully repaid during the current financial year.

Loans 4 and 5 (2021: Loan 4) are subject to fixed rates of interest

Loan 4 attributable to a subsidiary is secured by the subsidiary's current and future assets (including the acquired property), whereas Loan 5 is unsecured.

As at 31 December 2022, the Group and the Company had an unutilised bank loan facility amounting to €15,000,000 (2021: €9,400,000).

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

	Group		Company	
	2022 %	2021 %	**2022 %**	2021 %
Bank loans	**4.42**	2.48	**4.63**	2.48

18. 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 2022 amounted to €15,000,000 (2021: €15,000,000) and €11,000,000 (2021: €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 rights pertaining to the subsidiary.

As at 31 December 2022 and 2021, 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	
	2022	2021	**2022**	2021
	%	%	**%**	%
Bank overdrafts	**2.49**	2.33	**2.47**	2.45

19. Lease liabilities

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

	Group		Company	
	2022	2021	**2022**	2021
	€000	€000	**€000**	€000
Non-current				
Properties	**25,499**	16,198	**21,518**	11,143
Equipment and motor vehicles	**978**	1,228	**739**	1,041
Spectrum licences	**20,289**	11,015	**11,521**	11,015
	46,766	28,441	**33,778**	23,199
Current				
Properties	**3,511**	2,820	**2,385**	1,670
Equipment and motor vehicles	**972**	611	**544**	477
Spectrum licences	**4,010**	2,075	**2,351**	2,075
	8,493	5,506	**5,280**	4,222
Total lease liabilities	**55,259**	33,947	**39,058**	27,421

Specific 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 2022, potential future cash outflows of €4,274,000 (2021: €7,396,000) (undiscounted) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

19. Lease liabilities - continued

The total cash outflows for leases in 2022 was €13,659,000 and €5,787,000 (2021: €7,016,000 and €5,492,000) for the Group and the Company respectively. The contractual undiscounted cash flows attributable to lease liabilities as at 31 December 2022 and 2021 are analysed in Note 2.1.c.

Included in lease liabilities for properties are amounts of €24,165,000 (2021: €12,969,000) and €22,954,000 (2021: €11,701,000) 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	
	2022	2021	**2022**	2021
	€000	€000	**€000**	€000
At 1 January	**33,947**	46,835	**27,421**	39,929
Additions (see Note 6)	**33,318**	2,233	**16,249**	1,081
Payments	**(13,664)**	(7,016)	**(5,787)**	(5,492)
Impacts of reassessment of lease term, in respect of extensions (see Note 6)	**-**	(9,294)	**-**	(9,294)
Impact of derecognition of leased assets	**-**	(228)	**-**	-
Impacts of reassessment of lease payments based on an index	**167**	145	**167**	117
Interest charge	**1,491**	1,272	**1,008**	1,080
At 31 December	**55,259**	33,947	**39,058**	27,421

20. 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.

20. Provisions for pensions - continued

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 2022, the Company estimated that its obligations towards the remaining potential beneficiaries amounted to €4,180,000 (2021: €4,449,000). 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	
	2022 €000	2021 €000
Carrying amount of pension obligations	**4,180**	4,449

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	
	2022 €000	2021 €000
At 1 January	**4,449**	5,170
Actuarial gains– attributable to financial Assumptions	**(187)**	(34)
Settlements paid	**(82)**	(80)
Reversal of provisions no longer required	**-**	(607)
At 31 December	**4,180**	4,449

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

	Group and Company	
	2022 €000	2021 €000
Non-current	**1,337**	1,524
Current	**2,843**	2,925
	4,180	4,449

20. Provisions for pensions - continued

The amounts recognised in profit or loss are as follows:

	Group and Company	
	2022 **€000**	2021 €000
Reversal of provisions no longer required	**-**	607

The amounts recognised in other comprehensive income are as follows:

	Group and Company	
	2022 **€000**	2021 €000
Actuarial gains	**187**	34

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 2022, the weighted average discount rate used was 3.76% (2021: 0.82%).

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.

20. Provisions for pensions - continued

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

		Impact on defined benefit obligation	
2022	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1.0%	decrease of 1.65%	increase of 1.82%
		Increase by 1 year in assumption	Decrease by 1 year in assumption
Life expectancy		increase of 1.63%	decrease of 1.70%
2021	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1.0%	decrease of 2.23%	increase of 2.50%
		Increase by 1 year in assumption	Decrease by 1 year in assumption
Life expectancy		increase of 3.04%	decrease of 3.06%

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.

21. Trade and other payables

	Group		Company	
	2022 €000	2021 €000	**2022 €000**	2021 €000
Non-current				
Trade payables	**6,066**	8,019	**-**	-
Contract liabilities	**6,050**	3,418	**609**	521
Amounts owed to related party	**-**	2,322	**-**	-
	12,116	13,759	**609**	521
Current				
Trade payables	**25,464**	19,550	**7,921**	5,262
Other payables	**3,651**	1,974	**3,400**	3,617
Indirect tax payable	**7,640**	8,298	**4,418**	5,567
Contract liabilities	**24,883**	22,887	**14,550**	14,683
Accruals	**26,157**	20,750	**22,749**	17,845
Amounts owed to related party	**2,486**	-	**-**	-
	90,281	73,459	**53,038**	46,974

Included within non-current and current trade payables are amounts of €2,362,000 and €5,597,000 (2021: €8,019,000 and €4,761,000) respectively in relation to broadcasting rights for sports activities pertaining to Cablenet. These liabilities represent the present value of the estimated future contractual payments to football clubs in Cyprus for the provision of their home football matches recognised as a financial liability at amortised cost. On initial recognition the weighted average incremental borrowing rate applied to football broadcasting rights liability was 2.32%. The additions (see Note 7) reflected in the current and preceding financial years have been recognised using a weighted average incremental borrowing rate of 4%.

Group contract liabilities categorised under non-current and current prepaid and deferred income include an amount of €2,359,000 (2021: nil) and €4,044,000 (2021: €2,743,000) respectively ,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 14. Accrued income from public viewing due to Cablenet, up to 31 July 2023 amounting to €1,138,000 is included within the Group's current prepaid and deferred income.

The amounts owed to related party which as at 31 December 2021, consisting of balances with the non-controlling shareholder of a subsidiary in respect of dividends, were presented as current other payables as at 31 December 2022 since the payment terms were amended such that such amounts were deemed to be repayable on demand.

21. Trade and other payables - continued

The following tables analyse the changes in contract liabilities during the years ended 31 December 2022 and 31 December 2021:

Group	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

	As at 1 January 2022	Business related variations		As at 31 December 2022
	€000	€000		€000
Contract liabilities				
Prepaid and deferred income	16,389	5,177		**21,566**
Revenue allocated to wholesale traffic in view of discounting arrangements	971	267		**1,238**
Others	1,123	(260)		**863**
		Originations	Utilisation	
		€000	€000	
Attributable to free credits under subscriber agreements	2,914	1,259	(1,631)	**2,542**
Deposits received in advance from customers	4,908	1,008	(1,192)	**4,724**
Total contract liabilities	26,305			**30,933**

21. Trade and other payables - continued

Company	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

	As at 1 January 2022	Business related variations		As at 31 December 2022
	€000	€000		€000
Contract liabilities				
Prepaid and deferred income	10,196	320		**10,516**
Revenue allocated to wholesale traffic in view of discounting arrangements	971	267		**1,238**
Others	1,123	(260)		**863**
		Originations	Utilisation	
		€000	€000	
Attributable to free credits under subscriber agreements	2,914	1,259	(1,631)	**2,542**
Total contract liabilities	15,204			**15,159**

Contract liabilities recognised in revenue during 2022

Revenue recognised in profit or loss during the financial year ended 31 December 2022 that was included in the balances of contract liabilities (prepaid and deferred income) as at 31 December 2022 amounted to €4,040,000 (2021: €7,940,000) and €1,627,000 (2021: €1,304,000) for the Group and the Company respectively.

22. 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	
	2022	2021	**2022**	2021
	€000	€000	**€000**	€000
Category of activity				
Telecommunication and data centre services	**193,109**	181,493	**111,754**	107,148
Sale of goods	**16,406**	8,210	**12,068**	6,929
Other services and sundry revenues	**5,132**	3,963	**4,991**	3,611
	214,647	193,666	**128,813**	117,688

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

	Group		Company	
	2022	2021	**2022**	2021
	€000	€000	**€000**	€000
Timing of revenue recognition				
At a point in time	**41,515**	32,111	**34,125**	28,044
Over time	**173,132**	161,555	**94,688**	89,644
	214,647	193,666	**128,813**	117,688

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.

22. Revenue - continued

	Group		Company	
	2022	2021	**2022**	2021
	€000	€000	**€000**	€000
Less than 1 year	**63,104**	59,163	**25,019**	25,051
Between 1 and 2 years	**25,334**	18,341	**9,367**	11,670
	88,438	77,504	**34,386**	36,721

Accordingly, during the year ended 31 December 2022, the Group and the Company recognised revenue amounting to €59,163,000 and €25,051,000 (2021: €56,313,000 and €26,389,000) 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.

23. Expenses by nature

	Group		Company	
	2022	2021	**2022**	2021
	€000	€000	**€000**	€000
Cost of goods sold	**16,772**	12,521	**12,475**	8,643
Third party network charges, content costs and other direct costs	**58,662**	52,123	**29,236**	27,179
Employee benefit expense (Note 24)	**34,857**	34,784	**21,738**	22,988
Depreciation of property, plant and equipment (Note 5)	**34,285**	32,393	**22,547**	21,321
Depreciation of right-of-use assets (Note 6)	**7,578**	6,071	**5,035**	4,704
Amortisation of intangible assets (Note 7)	**11,111**	11,242	**2,914**	2,853
Movement in provisions and write-offs relating to inventories (Note 13)	**158**	282	**129**	255
Movement in credit loss allowances in respect of trade and other receivables (Note 14)	**908**	1,449	**686**	957
Bad debts written off	**1,144**	650	**805**	676
Expense relating to short-term leases	**1,572**	2,169	**1,384**	1,224
Other	**21,720**	17,535	**10,173**	9,441
Total cost of sales, administrative and other related expenses	**188,767**	171,219	**107,122**	100,241

23. Expenses by nature - continued

23.1 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	
	2022	2021	**2022**	2021
	€000	€000	**€000**	€000
Non-recurring items within:				
Administrative and other related expenses				
Voluntary retirement costs (Note 24)	**812**	1,151	**812**	1,151
Movement in provisions for pensions (Note 20)	**-**	(607)	**-**	(607)

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

Auditor's fees

Fees charged by the parent company auditor for services rendered during the financial years ended 31 December 2022 and 2021 relate to the following:

	Group		Company	
	2022	2021	**2022**	2021
	€000	€000	**€000**	€000
Annual statutory audit	**203**	190	**160**	160
Other assurance services	**80**	80	**80**	80
Other non-audit services	**3**	98	**3**	98
	286	368	**243**	338

23. Expenses by nature - continued

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

	Group		Company	
	2022 €000	2021 €000	**2022 €000**	2021 €000
Advisory services in respect of a capital markets transaction	**-**	76	**-**	76
Tax advisory and compliance services	**3**	22	**3**	22
	3	98	**3**	98

During the current year fees in relation to statutory audit/assurance and non-assurance services amounting to €60,000 and €30,000 (2021: €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 €105,000 and €105,000 (2021: €170,000 and €152,000) respectively have been charged by connected undertakings of the Company's auditor to the Group and the Company respectively, in respect of advisory services attributable to capital markets transactions and tax advisory and compliance services.

Audit fees attributable to subsidiaries charged by other auditors during the year ended 31 December 2022 amounted to €5,800 (2021: €3,000).

24. Employee benefit expense

	Group		Company	
	2022 €000	2021 €000	**2022 €000**	2021 €000
Wages and salaries	**39,939**	38,025	**24,847**	24,561
Social security costs	**2,800**	2,748	**1,446**	1,498
Capitalised labour costs	**(8,694)**	(6,533)	**(5,367)**	(3,615)
	34,045	34,240	**20,926**	22,444
Voluntary retirement costs	**812**	1,151	**812**	1,151
Movement in provisions for pensions	**-**	(607)	**-**	(607)
Total employee benefit expense	**34,857**	34,784	**21,738**	22,988

24. 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	
	2022	2021	**2022**	2021
	€000	€000	**€000**	€000
Operational expenses	**5,770**	6,953	**2,010**	3,402
Administrative and other related expenses	**29,087**	27,831	**19,728**	19,586
	34,857	34,784	**21,738**	22,988

The average number of persons employed by the Group and the Company during the year, including part-timers and students, amounted to 1,187 (2021: 1,179) and 700 (2021: 748) 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	
	2022	2021	**2022**	2021
Operational	**267**	302	**224**	264
Management and administration	**931**	844	**462**	451
	1,198	1,146	**686**	715

25. Directors' emoluments

	Group		Company	
	2022	2021	**2022**	2021
	€000	€000	**€000**	€000
Fees	**245**	272	**245**	272

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 €626,000 (2021: €741,000), whereas amounts paid by such entities to directors who are also Directors of GO amounted to €97,000 (2021: €93,000).

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

26. Other income

	Group		Company	
	2022	2021	**2022**	2021
	€000	€000	**€000**	€000
Rent receivable	**324**	349	**324**	349
Gain on reassessment of lease term in respect of right-of-use asset	**-**	277	**-**	277
Unrealised and realised operating exchange gains	**204**	56	**191**	56
Late payment charges	**277**	275	**277**	275
Others	**2,140**	683	**1,578**	607
	2,945	1,640	**2,370**	1,564

27. Other expenses

	Group		Company	
	2022	2021	**2022**	2021
	€000	€000	**€000**	€000
Unrealised and realised operating exchange losses	**218**	55	**133**	6
Others	**228**	526	**225**	-
	446	581	**358**	6

28. Finance income

	Group		Company	
	2022	2021	**2022**	2021
	€000	€000	**€000**	€000
Dividend income from subsidiaries	**-**	-	**3,988**	4,668
Interest receivable from related parties	**-**	-	**82**	-
Late payment interest receivable	**274**	301	**274**	301
Other interest receivable	**95**	76	**37**	35
	369	377	**4,381**	5,004

29. Finance costs

	Group		Company	
	2022	2021	**2022**	2021
	€000	€000	**€000**	€000
Bank loan interest	**650**	1,464	**507**	1,337
Other bank interest and charges	**104**	298	**24**	15
Bond interest	**3,754**	2,687	**2,094**	1,087
Interest charges on lease liabilities	**1,491**	1,272	**1,008**	1,080
Other	**695**	286	**100**	217
	6,694	6,007	**3,733**	3,736

30. Tax expense

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

	Group		Company	
	2022	2021	**2022**	2021
	€000	€000	**€000**	€000
Current tax				
Current tax expense	**9,863**	7,356	**8,284**	5,889
Adjustments for current tax of prior periods	**-**	(361)	**-**	(361)
Deferred tax				
Deferred tax expense (Note 12)	**4**	440	**364**	1,128
Tax expense	**9,863**	7,435	**8,648**	6,656

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:

	2022			2021		
	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	(187)	65	(122)	(34)	12	(22)

30. 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	
	2022 €000	2021 €000	**2022 €000**	2021 €000
Profit before tax	**22,054**	17,876	**24,351**	20,273
Tax on profit at 35% applicable to taxable profits in Malta	**7,719**	6,257	**8,523**	7,095
Tax effect of:				
Expenses and losses disallowed for tax purposes	**141**	156	**20**	28
Different tax rate applied to taxable income attributable to subsidiary (see below)	**1,847**	1,466	**-**	-
Income taxed at different rate	**(29)**	(23)	**(29)**	(23)
Over provision in prior year	**-**	(361)	**-**	(361)
Others	**189**	(60)	**134**	(83)
Tax expense	**9,867**	7,435	**8,648**	6,656

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

31. 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	
	2022	2021
Profit attributable to equity holders of the Company (€000)	**11,595**	9,913
Weighted average number of shares in issue (thousands) (Note 16)	**101,310**	101,310
Earnings per share (euro cent)	**11c5**	9c8

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.

32. Dividends

	Company	
	2022	2021
	€000	€000
Net dividends paid on ordinary shares for the preceding financial year	**9,118**	16,210
Net dividends paid on ordinary shares for the current financial year	**6,078**	7,092
	15,196	23,302
Dividends per share (euro cent)	**15c0**	16c0

During the current financial year, the Company paid a final net dividend in relation to the preceding financial year amounting to €9,118,000 (2021: €16,210,000), in addition to the interim dividend paid during the year ended 31 December 2021 amounting to €7,092,000 (2020: nil), totalling €16,210,000.

During 2022, the Company paid a net interim dividend of €0.06 per share amounting to €6,078,000.

A net final dividend in respect of the year ended 31 December 2022 of €0.09 (2021: €0.09) per share, amounting to €9,118,000 (2021: €9,118,000), 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 2023.

33. Cash generated from operations

Reconciliation of operating profit to cash generated from operations:

	Group		Company	
	2022	2021	**2022**	2021
	€000	€000	**€000**	€000
Operating profit	**28,379**	23,506	**23,703**	19,005
Adjustments for:				
Depreciation and amortisation	**52,974**	49,706	**30,496**	28,878
Net movement in provisions and write-downs in relation to receivables and inventories	**2,210**	2,381	**1,620**	1,888
Voluntary retirement costs	**812**	1,151	**812**	1,151
Movement in provisions for pensions	**-**	(607)	**-**	(607)
Changes in working capital:				
Inventories	**(691)**	(2,454)	**(703)**	(2,341)
Trade and other receivables	**(11,604)**	(3,761)	**(2,135)**	(5,939)
Trade and other payables	**14,393**	7,155	**(2,170)**	14,018
Group undertakings' balances	**-**	-	**(1,884)**	(1,083)
Cash generated from operations	**86,473**	77,077	**49,739**	54,970

34. Operating leases 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 short-term operating leases.

During the current year, operating lease payments amounting to €1,856,000 (2021: €3,821,000) for the Group and €1,384,000 (2021: €1,224,000) for the Company, were recognised as an operating expense in profit or loss in respect of such short-term contracts.

(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 2022 and 2021, 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 (2021: €235,000). During the current year, amounts of €324,000 (2021: €349,000) 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 2022 the Company had commitments in relation to operating and maintenance fees from 2023 to 2044 amounting to €29,032,000 (2021: €28,481,000), which amounts include aggregate annual maintenance costs related to the PEACE submarine cable of €10,912,000 (2021: €11,616,000) over a period of 24 years and €3,553,000 (2021: €4,060,000) relating to the 5G network over a period of 7 years. Commitments as at 31 December 2022 in respect of TV content fees from 2023 to 2025 amount to €2,191,000 (2021: €4,607,000). A subsidiary had commitments in relation to the payment of operating and maintenance fees from 2023 to 2047 amounting to €12,799,000 (2021: €13,884,000), software maintenance fees and annual support costs from 2023 to 2026 amounting to €3,285,000 (2021: €16,155,000), TV content fees from 2023 to 2024 of €4,752,000 (2021: €7,134,000), cost of sports and production expenses from 2023 to 2024 of €2,216,400 (2021: €1,921,000), sponsorships to sports clubs for 2023 of €169,000 (2021: €220,000) and consumables, maintenance, support and other expenses for 2023 of €1,728,000 (2021: €355,000).

35. Capital and other related commitments

	Group		Company	
	2022	2021	**2022**	2021
	€000	€000	**€000**	€000
Contracted for:				
Property, plant and equipment	**5,673**	8,764	**2,782**	6,770
Intangible assets	**431**	15,082	**-**	1,855
Authorised but not contracted for:				
Property, plant and equipment	**20,104**	11,582	**20,104**	11,582
	26,208	35,428	**22,886**	20,207

36. 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 2022, contingent liabilities arising from:

- guarantees in favour of third parties and performance bonds given amounting to €9,310,000 (2021: €11,810,000);
- 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.

36. Contingencies - continued

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 20, 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 had 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.

(c) Guarantees to secure banking facilities

A subsidiary of the Company has given guarantees to bankers in favour of another party so as to secure the party's banking facilities. The maximum exposure arising from these guarantees amounts to €1,207,000 (2021: €1,207,000). Other guarantees issued in favour of bankers of another subsidiary, for facilities provided, amounted to €3,600,000 (2021: €3,600,000). The Directors do not expect any losses to occur in this respect.

(d) Other matters

During the year ended 31 December 2022, the Malta Competition and Consumer Affairs Authority opened an investigation in connection with certain changes to billing and payment collection processes and policies adopted by three main telecommunication operators in Malta, to ensure full compliance with the requirements mandated by the revised European Payments Services Directive 2015/2366 (also known as PSD 2). GO has been cooperating with the Authority and providing all information requested. The investigation is ongoing as at the date of authorisation for issuance of these financial statements. 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 in this respect in view of the early stages of the investigations and the significance of the remaining steps required in the process to take action against the Company.

37. Related party transactions

The Company and its subsidiaries have a related party relationship with Société Nationale des Télécommunications, the Company's ultimate parent (Note 38), 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 2022 and 2021, 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	
	2022	2021	**2022**	2021
	€000	€000	**€000**	€000
Current ultimate parent and related entities				
Dividends paid to	**9,938**	15,239	**9,938**	15,239
Former ultimate parent and related entities				
Payments relating to leases treated in accordance with IFRS 16 requirements	**2,178**	2,419	**2,178**	2,437

In view of the requirements of IFRS 16, the Group recognised lease liabilities in respect of lease arrangements with related parties (refer to Note 19).

37. Related party transactions - continued

	Company	
	2022	2021
	€000	€000
Subsidiaries		
Loans advanced to	**4,000**	-
Services provided to	**1,795**	1,802
Services provided by	**1,255**	1,354
Goods for resale sold to	**2,433**	-
Dividends received from	**3,988**	4,668

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 2022, GO acquired an additional stake in the subsidiary, subsequent to which the Group holds 70.2% of the issued share capital of Cablenet (refer to Note 8 for further disclosures on the transactions effected) up from the 63.4% held as at 31 December 2021.

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 transactions 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 25), 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 10, 14, 19 and 21 to these financial statements.

38. 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

	2022	2021	2020	2019	2018
	€M	€M	€M	€M	€M
Revenue	**214.6**	193.7	185.2	177.8	171.8
Results from operating activities	**28.4**	23.5	21.3	25.8	33.1
Profit before income tax	**22.1**	17.9	20.9	22.8	31.7
Profit for the year	**12.2**	10.4	14.1	13.0	20.4
Total assets	**396.2**	368.6	357.4	327.7	255.4
Total liabilities	**297.2**	258.7	231.0	202.2	135.3
Total equity	**99.0**	109.9	126.4	125.6	120.2
Operating cash flow	**75.4**	67.9	63.7	63.0	52.8
Investing cash flow	**(61.4)**	(50.5)	(57.7)	(0.9)	(39.7)
Financing cash flow	**(43.3)**	(6.3)	17.2	(58.2)	(15.3)
Earnings per share	**€0.11**	€0.10	€0.13	€0.11	€0.19
Dividends per share	**€0.15**	€0.16	€0.10	€0.14*	€0.14

* a payment of a special interim dividend of €0.41 per share was effected during the year ended 31 December 2019.