

The Board of Directors
GO plc
Fra Diego Street
Marsa MRS 1001

14 May 2024

Dear Sirs,

GO plc – Financial Analysis Summary (the “Update FAS”)

In accordance with your instructions and in line with the requirements of the Malta Financial Services Authority Listing Policies, we have compiled the Update FAS set out on the following pages and which is being forwarded to you together with this letter.

The purpose of the Update FAS is that of summarising key financial data appertaining to GO plc (a public limited liability company registered under the laws of Malta bearing company registration number C 22334) (the “**Company**” or “**Issuer**”). The data of the Company (stand-alone basis and not consolidated group) is derived from various sources or is based on our own computations and analysis of the following:

- (a) historic financial data for the three years ended 31 December 2021 to 2023 has been extracted from the Issuer’s audited statutory financial statements for the three years in question, as and when appropriate;
- (b) the forecast data for the financial year ending 31 December 2024 has been provided by management of the Issuer;
- (c) our commentary on the results of the Issuer and on the respective financial position is based on the explanations provided by the Issuer;
- (d) the ratios quoted in this report have been computed by us applying the definitions as set out and defined within the Update FAS; and
- (e) relevant financial data in respect of competitors as analysed in part D has been extracted from public sources such as the web sites of the companies concerned or financial statements filed with the Registrar of Companies.

The Update FAS is provided to assist potential investors by summarising the more important financial data of the Issuer. The Update FAS does not contain all data that is relevant to potential investors and is intended to complement, and not replace, financial and/or investment advice. The Update FAS does not constitute an endorsement by our firm of the securities of the Issuer and should not be interpreted as a recommendation to invest. We shall not accept any liability for any loss or damage arising out of the use of the Update FAS and no representation or warranty is provided in respect of the reliability of

the information contained in this report. As with all investments, potential investors are encouraged to seek professional advice before investing.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Doreanne Caruana', with a large, stylized flourish at the end.

Doreanne Caruana
Head of Corporate Advisory



FINANCIAL ANALYSIS SUMMARY

Update 2024

Prepared by Rizzo, Farrugia & Co (Stockbrokers) Ltd in compliance with the Listing Policies issued by the Malta Financial Services Authority on 5 March 2013 and last updated on 21 August 2021.

14 May 2024



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IMPORTANT INFORMATION

PURPOSE OF THE DOCUMENT

GO plc (the “**Company**”, “**GO**”, or “**Issuer**”) issued €60 million 3.5% unsecured bonds maturing in 2031 pursuant to a prospectus dated 25 May 2021 (the “**Bond Issue**”). The prospectus included a Financial Analysis Summary (“**FAS**”) in line with the requirements of the Listing Policies of the Malta Financial Services Authority dated 5 March 2013 and last updated on 21 August 2021. The purpose of this report is to provide an update to the FAS (the “**Update FAS**”) on the performance and on the financial position of the Company.

SOURCES OF INFORMATION

The information that is presented has been collated from a number of sources, including the Company’s website (www.go.com.mt), the audited financial statements for the years ended 31 December 2021, 2022 and 2023 and forecasts for financial year ending 31 December 2024.

Forecasts that are included in this document have been prepared and approved for publication by the directors of the Company, who undertake full responsibility for the assumptions on which these forecasts are based.

Wherever used, FYXXXX refers to financial year covering the period 1st January to 31st December. The financial information is being presented in thousands of Euro, unless otherwise stated, and has been rounded to the nearest thousand.

PREVIOUS FAS ISSUED

The Company has published the following FAS which are available on its website:

25 May 2021 (appended to the prospectus)

26 May 2022

12 May 2023

ABBREVIATIONS

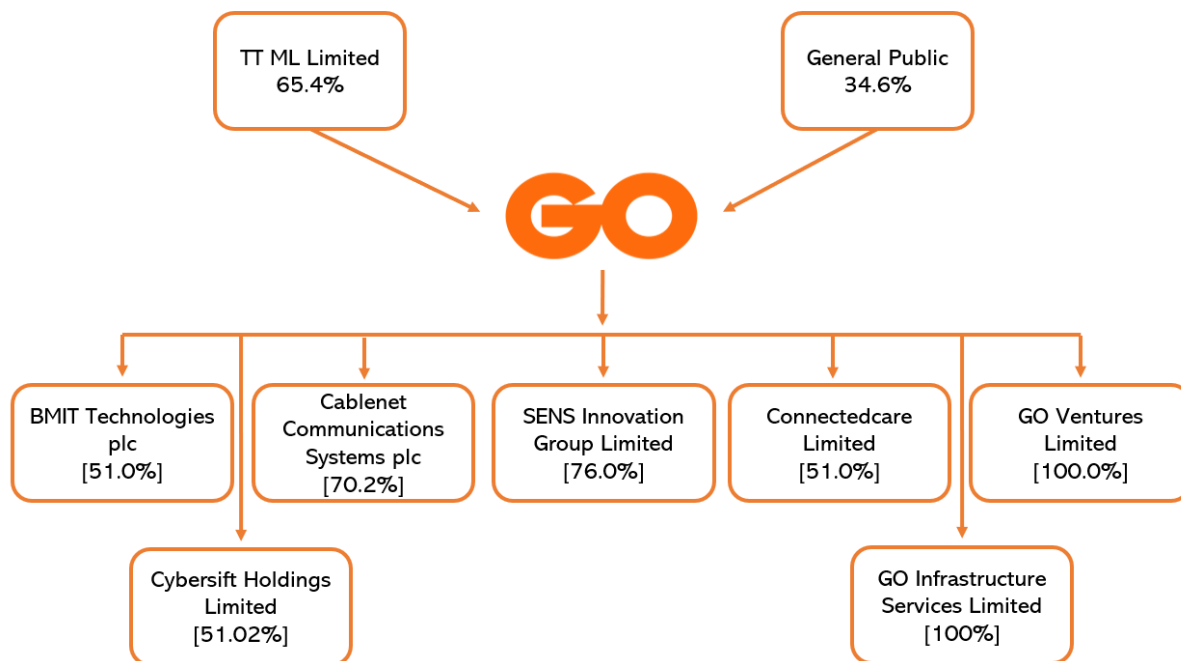
BMITT	BMIT Technologies plc
DESI	Digital Economy and Society Index
FTTH	Fibre-To-The-Home
Gbps	Gigabit per second
GIS	GO Infrastructure Services Limited
ICT	Information & Communication Technology
IoT	Internet of Things
MCA	Malta Communications Authority
PPE	Property, plant and equipment
ROU	Right of Use
SMS	Short Message Service

1. INTRODUCTION

GO plc (“GO”, the “Company” or the “Issuer”) is a public limited liability company incorporated in Malta on 31 December 1997, bearing company registration number C 22334. GO is an integrated telecommunications provider, based in Malta and offers fixed telephony, mobile services, broadband and TV services (collectively known as Telecom Operations). Its telecom operations are extended towards personal, business and wholesale markets.

2. GROUP STRUCTURE

The Company is listed on the Official List of the Malta Stock Exchange and its shares are held to the extent of 34.6% by the general public, with the remaining 65.4% held by TT ML Limited which is a fully owned subsidiary of Société Nationale des Telecommunications (Tunisie Telecom).



During FY2023, the Company acquired a 51.02% stake in Cybersift Holdings Limited, a company involved in the provision of cybersecurity services, and set up GO Infrastructure Services Limited for the purpose of the sale of the mobile network towers from GO to BMITT.

3. CORPORATE GOVERNANCE AND MANAGEMENT

BOARD OF DIRECTORS

The Company's board of directors as at the date of this document comprises the following:

Lassaad Ben Dhiab	Chairman
Sofiane Antar	Non-Executive Director
Azmi Lahmar	Non-Executive Director (<i>appointed on 16 March 2023</i>)
Paul Fenech	Non-Executive Director
Faker Hnid	Non-Executive Director
Paul Testaferrata Moroni Viani	Non-Executive Director
Deepak Padmanabhan	Non-Executive Director
Norbert Prihoda	Non-Executive Director

All directors are considered independent.

The Company Secretary is Dr Francis Galea Salomone.

SENIOR MANAGEMENT

The Company's senior management team is composed of the following:

Nikhil Patil	Chief Executive Officer
Reuben Attard	Chief Financial Officer
Antonio Ivankovic	Chief Customer Experience Officer
Kelvin Camenzuli	Chief Digital Officer
Ayrton Caruana	Chief Service Operations Officer
Arthur Azzopardi	Chief Officer - GO Business
Sarah Mifsud	Chief People Officer (<i>until 31 December 2023</i>)

4. OPERATIONAL DEVELOPMENTS

FY2023 was characterised by a number of developments that led the Company to register robust growth in revenue and profitability, albeit partly as a result of some one-off transactions.

The main development in FY2023 related to the sale of GO's mobile (network towers) passive infrastructure to BMIT Technologies plc (BMITT), which is a GO subsidiary. The sale was concluded by GO Infrastructure Services Limited (GIS), another subsidiary of GO, and also included a master services agreement by virtue of which BMITT will manage and lease out to GO the mobile towers network for a 30-year period. The consideration for this transaction was €47 million.

In line with its core pillars, GO continued to invest in line with its organisational purpose of "driving a digital Malta where no one is left behind" and in its customer centricity. In fact, during FY2023, the Company added a further 67,000 homes to the nation's Fibre-To-The-Home (FTTH) network, bringing

the total number of connections to over 291,000 homes by the end of 2023, implying a 78.5% nationwide coverage. The FTTH roll-out is expected to be completed by the end of FY2024. The Company also invested heavily in its international connectivity, with the completion of a €25 million investment in a third submarine cable, which allows GO to be the only operator in Malta with full in-house redundancy operations. Furthermore, the Company continued its investment in its 5G mobile network. GO reported that ten new mobile sites were added in 2023, while another 90 sites were upgraded to 5G, thereby enabling mobile data speeds of up to 1.7Gbps. This has enabled the Company to better utilise its mobile spectrum and improve its network coverage.

During FY2023, the Company acquired a 51% stake in Cybersift for €0.9 million. The newly acquired subsidiary focuses on providing cyber security services to business clients through the deployment of machine-learning that equips companies with advanced, self-learning tools for threat detection which in turn facilitates automation of alert investigation and improves cost efficiencies for organisations.

FY2023 marked the first year since the launch of the TOKIS channel for GO clients. GO reported that the channel generated 5.4 million viewers per month, offering 1,000 hours of entertainment in Maltese and 100 hours of GO Originals content. The channel has been recognised as the third most popular TV channel in Malta.

These developments shaped GO's performance for FY2023, which is delved into further in Part B below.

5. MAJOR ASSETS

The Company's major assets for the financial years ended 31 December 2021 to 2023 comprised:

	FY2021 (A)	FY2022 (A)	FY2023 (A)
	€'000	€'000	€'000
Property, plant and Equipment (PPE)	111,433	117,357	127,428
Investment in Subsidiaries	51,587	58,426	59,304
Right-of-Use Assets	26,405	37,782	33,984
Total Major Assets	189,425	213,565	220,716
Total Assets	278,205	295,518	349,174
Major Assets / Total Assets	68.1%	72.3%	63.2%

PPE remains the Company's largest asset at €127.4 million in FY2023 reflecting the continued investment in infrastructure elements such as core networks, cable plants, primary distribution network relating to the fibre infrastructure, civil engineering, mobile and TV networks and related equipment. The other main PPE components include equipment at customer premises required for the distribution of service and land and buildings consisting of telephone exchanges, warehouses, offices, and retail outlets owned by the Company.

As at 31 December 2023, GO's majority shareholding was extended to seven subsidiaries (five as at the end of FY2022). The two new subsidiaries for FY2023 were Cybersift Holdings Limited (51.0%) and GO Infrastructure Services Limited (100%). More detail about these two subsidiaries is included in section 4 above.

As at 31 December 2023, the ROU assets consisted of: i) property leases of €22.0 million (FY2022: €23.9 million) subject to various lease agreements; ii) spectrum licences of €11.1 million (FY2022: €13.8 million); and iii) equipment and motor vehicles leases of €0.9 million (FY2022: €1.3 million).

6. MARKET OVERVIEW

THE TELECOMS INDUSTRY

Telecoms form the backbone of our everyday society. Over the years, there has been a decline in the use of fixed landlines and other services such as SMS and MMS, as new communication applications became a more common method for people to message and communicate.

Connectivity in this day and age is becoming increasingly indispensable, both for businesses and also for the population generally. 5G is the upcoming trend in mobile technology and it is expected to revolutionise also other aspects of the ICT industry. A push towards digitalisation of every aspect in life is increasingly evident – whether it is smart technology in the home, IoT technologies that automate everyday activities such as driving, businesses increasingly offering e-commerce experiences for their clients' purchasing options, or for example, the deployment of very advanced data analytics by several companies to assist in their strategic decision-making processes. This digital evolution requires communication and data.

THE MALTESE TELECOMS INDUSTRY

In a study conducted by the Malta Communications Authority (MCA)¹, the Authority reported that circa 91% of all households in Malta have bundled subscription of telecom services.

¹ <https://www.mca.org.mt/sites/default/files/Press%20Release%20-%20Bundle%20Subscriptions%20Perception%20Survey.pdf>

According to the EU's Digital Economy and Society Index (DESI) indicators for 2023² just over 60% of Maltese households had broadband services of at least 100Mbps, ranking 11th amongst peer Member States.

In terms of the DESI indicator related to 5G coverage for 2023, Malta shared the top spot with Cyprus, whereby all populated areas were covered by at least one 5G mobile network, while 91% of individuals aged between 16 and 74 reportedly had access to internet and made use thereof at least once a week.

The need for connectivity is acknowledged by all operators within the sector. In its rolling update of the 2023-2025 strategy document, the MCA recognised the progress of the rollout of FTTH.

Demand for Pay TV services continued to increase, and the segment added a further 6,488 new subscriptions in 2023 (2022: 5,932 new subscriptions). The fixed telephony segment remained at the same levels of the previous year.

MARKET SHARE

Data quoted below has been sourced from the MCA's key market indicators for electronic communications and post for 2023³.

Fixed broadband

As at the end of 2022, GO accounted for 46.6% of all fixed broadband subscriptions. This increased to 47.3% by the end of 2023, retaining its strong second position in terms of market share. More notably, with respect to FTTH subscriptions, GO absorbed 67% of the new FTTH subscriptions registered in the period.

Mobile telephony

In 2023, GO's market share in mobile telephony stood at 34.4% (2022: 35.7%), gaining over 7,000 new subscribers, which reached 257,852 by the end of 2023.

² Source: [DESI Indicators 2023 \[link\]](#) – In previous years, DESI published an index comparing the various European countries on combined human capital, connectivity, integration of digital technology, and digital public services. This index has been discontinued from 2023 onwards and in its stead, a number of indicators per country are published. Data is based on information from 2022.

³ <https://www.mca.org.mt/articles/key-market-indicators-electronic-communications-and-post-q1-2019-q4-2023>

Pay TV

Subscribers for GO's PayTV services increased to 39.3% (2022: 39.1%), as it remained the second largest player within this segment.

Fixed telephony

As at the end of 2023, GO accounted for just under 50% of all fixed-line subscriptions as it maintained its position as an overall market leader of this segment. The total number of subscribers for this service declined by a further 1% compared to 2022.

PART B FINANCIAL ANALYSIS

7. INTRODUCTION

The following sections provide an overview of the historic financial information of the Company over the past three financial periods ended 31 December 2023 and an outlook for the current financial year ending 31 December 2024.

For FY2024 the Company's performance reflects a normalisation of business activities, excluding one-off items that materialised in FY2023. Nonetheless, GO is expecting to continue to grow its telecom service activities albeit at slower rates than those experienced in recent years. Cost inflation, led by higher labour costs, and the incremental cost related to the passive mobile towers infrastructure as well as higher level of depreciation and amortisation charges are assumed to impact FY2024 figures. Intense competitive pressures are also expected to have an impact on FY2024 results and this factor has been reflected in the forecasts presented below.

8. INCOME STATEMENT

year ended 31 December	2021 (A)	2022 (A)	2023 (A)	2024 (F)
	€'000	€'000	€'000	€'000
Revenue	117,688	128,813	139,404	133,927
Cost of Sales	(68,776)	(75,537)	(83,148)	(83,542)
Gross Profit	48,912	53,276	56,256	50,385
Admin & Other Related Expenses	(31,465)	(31,585)	(31,608)	(32,761)
Other Income (<i>net of Other Expenses</i>)	1,558	2,012	4,228	2,528
Operating Profit	19,005	23,703	28,876	20,153
EBITDA	47,883	54,199	60,337	53,861
<i>Depreciation & Amortisation</i>	<i>(28,878)</i>	<i>(3,496)</i>	<i>(31,461)</i>	<i>(33,709)</i>
Operating Profit	19,005	23,703	28,876	20,153
Dividend Income	4,668	3,989	32,897	3,989
Net Finance Costs	(3,400)	(3,341)	(4,612)	(3,752)
Profit Before Tax	20,273	24,351	57,161	20,390
Taxation Expense	(6,656)	(8,648)	(9,345)	(7,340)
Profit for the Year	13,617	15,703	47,816	13,049
Normalised Profit Before Tax*	20,273	24,351	26,716	20,390

*Excluding the gain on sale of the passive mobile infrastructure assets

FY2023 Overview

FY2023 was described by the Company as being one of the first years comparable to pre-pandemic norms. Revenue in FY2023 was marginally higher than that of FY2022 in terms of core telecom services (€113.9 million in FY2023, €111.8 million in FY2022). This growth was a result of additional mobile and fixed-line (comprising internet and TV) subscriptions, as well as a higher ARPU. Meanwhile, the Company also registered a significant increase in sale of goods, from €12.1 million a year earlier to €20.4 million for FY2023, reflecting a high-value contract that GO managed to secure in relation to the provision of bespoke technical solutions to business clients that included sizeable hardware and equipment elements.

On the costs front, the Company continued to maintain tight controls in place, largely mitigating the high inflationary pressures experienced during the year. The B2B technical solutions provided by the Company in FY2023 contributed to an increase in direct costs, as did the higher-than-expected sale of mobile devices, hardware and equipment, which do not contribute significant margins to the Company's operating profit.

Administrative expenses were at par with those of FY2022, while other income increased to €4.5 million (FY2022: €2.4 million) reflecting the gain on transfer of the mobile network towers to GIS, before they were sold to BMITT as explained further in section 4 above.

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) for FY2023 amounted to €60.3 million (FY2022: €54.2 million), and after deducting depreciation and amortisation charges of €31.5 million (FY2022: €30.5 million), operating profit amounted to €28.9 million, an increase of €5.1 million or 21.8% over the comparative year. The increase in depreciation and amortisation is reflective of the continued capital investment undertaken during the year.

The Company's increased net finance costs in FY2023 are reflective of the significant spike in interest rates experienced during the year, which affected the Company's floating-rate bank borrowings, as well as the increased level of bank borrowings (which went up to €35 million by the end of FY2023 from €17 million in FY2022).

GO's performance was positively impacted by the dividend income received from its fully-owned subsidiary – GO Infrastructure Services Ltd (GIS) – which following the sale of the mobile network towers to BMITT, paid a dividend to GO of €28.7 million.

Profit before tax for the year came in at €57.2 million (FY2022: €24.4 million). Utilising normalised figures, i.e. excluding the gain of the sale from the mobile network towers and the significant dividend received in relation thereto, GO's profit before tax stood at €26.7 million, which represents an

improvement of approximately €3.3 million (or an increase of 9.7%) on the comparative profit figure for FY2022.

After accounting for a tax charge of €9.3 million, profit after tax stood at €47.8 million (FY2022: €15.7 million).

OUTLOOK FY2024

The Company anticipates that its core telecom revenues will grow further in FY2024 on the back of continued subscriber growth as well as ARPU levels. Nonetheless, this growth will only partially offset the negative impact of the non-reoccurrence of one-off income generated from its B2B contract delivered in FY2023.

GO remains committed to retain its costs structures under control. Nevertheless, the FY2024 direct and administrative costs are expected to be higher in aggregate as the drop in cost of sales (as a result of the lower costs of hardware, equipment and mobile devices in line with the anticipated reduction in related sales thereto) is expected to be offset by the incremental costs of €3.2 million related to the access to the passive mobile network towers which now belongs to BMITT, COLA and generic inflationary pressures which are expected to translate in a further increase of €2.9 million to GO's costs, and a further increase of €2.2 million in depreciation and amortisation charges, reflecting the additional capital expenditure undertaken during the year.

FY2024 figures do not include the one-time positive contributions of the transfer of the mobile network towers to BMITT, as reflected in the drop in other income as well as dividend income for the year, which items are expected to revert to the same levels achieved in prior financial years.

In terms of net finance costs, given the anticipated partial repayment of bank borrowings, financed through the cash dividend received from GIS in FY2023, these are expected to be lower at €3.8 million.

As a result, GO is expected to generate a pre-tax profit of €20.4 million which is significantly lower than the €57.2 million generated in FY2023. However, when comparing to the normalised pre-tax profit figure for FY2023 of €26.7 million, the decline is much less and largely reflects the incremental costs related to the access to the passive mobile towers infrastructure and the additional depreciation and amortisation charges.

Overall, GO's profitability in FY2024 is expected at €13 million, lower than the comparable figure for FY2023 of €47.8 million, which is reflective of the non-reoccurrence of one-off items and additional expenses expected to be incurred as explained above.

9. STATEMENT OF FINANCIAL POSITION

as at 31 December	2021 (A)	2022 (A)	2023 (A)	2024 (A)
	€'000	€'000	€'000	€'000
ASSETS				
Non-Current Assets				
Property, Plant & Equipment	111,433	117,357	127,428	130,158
Right-of-Use Assets	26,405	37,782	33,984	32,051
Intangible Assets	13,503	18,341	16,948	15,986
Investment in Subsidiaries	51,587	58,426	59,304	60,504
Loans Receivable from Subsidiaries	-	4,000	9,417	9,417
Trade & Other Receivables	6,567	5,955	5,576	5,520
Total Non-Current Assets	209,495	241,861	252,657	253,636
Current Assets				
Inventories	7,957	8,531	8,733	8,296
Loans and Receivables from Subsidiaries	-	-	683	258
Trade & Other Receivables	30,151	39,011	45,696	45,239
Current Tax Assets	1,102	-	-	-
Cash & Cash Equivalents	29,500	6,115	41,405	9,877
Total Current Assets	68,710	53,657	96,517	63,671
TOTAL ASSETS	278,205	295,518	349,174	317,306
EQUITY & LIABILITIES				
Equity				
Share Capital	58,998	58,998	58,998	58,998
Other Reserves	4,065	4,187	4,767	4,187
Retained Earnings	47,484	47,991	79,597	67,318
Total Equity	110,547	111,176	143,362	130,503
Liabilities				
Non-Current Liabilities				
Lease Liabilities	23,199	33,778	29,794	31,284
Borrowings	78,816	70,317	86,287	80,438
Deferred Tax Liabilities	3,936	4,365	6,343	7,543
Provisions for Pensions	1,524	1,337	414	-
Trade and Other Payables	521	609	-	-
Total Non-Current Liabilities	107,996	110,406	122,838	119,264
Current Liabilities				
Borrowings	5,541	8,365	8,017	3,458
Lease Liabilities	4,222	5,280	5,496	5,771
Provisions for Pensions	2,925	2,843	2,903	2,903
Trade & Other Payables	46,974	53,038	62,465	55,098
Current Tax Liabilities	-	4,410	4,093	309
Total Current Liabilities	59,662	73,936	82,974	67,539
TOTAL EQUITY & LIABILITIES	278,205	295,518	349,174	317,306

FY2023 OVERVIEW

GO's total asset base as at the end of FY2023 stood at €349.2 million, an uplift of over €53 million, which in the main are reflective of the continued capital expenditure that the Company undertook in its networks, the increased cash balances following the receipt of the dividend from GIS, and a revolving credit facility to Cablenet of €6 million which was fully-drawn as at 31 December 2023. Further detail on GO's major asset classes, the respective composition, and the delta between FY2022 and FY2023 is included in section 4 above. Furthermore, in terms of the uplift of trade and other receivables balances as at the end of FY2023, there were loans extended to GO's Cypriot subsidiary, Cablenet, to the tune of €5.4 million, increases in contract assets of approximately €5 million which relate to third party customers, netted off by a decline in prepayments of circa €5 million, which related to equipment pertaining to the high-value contract referred to earlier which was recorded as such by the end of FY2022 due to it being purchased but not yet delivered to the client. GO extended €8 million of mobile device financing to Cablenet, which is recorded in the trade and other receivables.

The cash balances as at the end of FY2023 are reflective of the dividends received towards the end of the financial year from GIS following the transfer of mobile network towers from GIS to BMITT. At the end of the year, these stood at €41.4 million (FY2022: €6.1 million).

By the end of FY2023, the Company had increased its total borrowings from €78.7 million as at the end of FY2022 to €94.3 million – an increase of €15.6 million (or 20%), which primarily related to capital expenditure undertaken by the Company and its Cypriot subsidiary during the year. The Company's borrowings comprise the €60 million bond issued by the Company in 2022, with the balance representing amounts due to banks, which the Company reported as being subject to a floating interest rate. The drop in total leases is reflective of the annual payment in relation thereto effected during the year. The other items under liabilities remained generally on the same level as those of FY2022.

On the other hand, total equity for FY2023 improved to €143.4 million (FY2022: €111.2 million) reflecting the improved profitability of the Company, which pushed retained earnings up from €48 million to €79.6 million.

OUTLOOK FY2024

For FY2024, GO remains committed to finalise its FTTH rollout, upgrading of its mobile network to 5G, digitisation and automation, and green investments that will ensure that the Company's operations remain sustainable for the longer term. GO expects to continue funding such investments principally through cash generated from own operations which remains very healthy.

Total borrowings are projected to drop to €83.9 million by the end of FY2024, reflecting additional principal repayments expected to be made during the year. In view of the above two main cash utilisation activities, as well as the special interim dividend paid to shareholders earlier during FY2024 and the final dividend to be paid in June (subject to shareholders' approval at the upcoming Annual General Meeting scheduled for 30 May), the Company's cash balances are anticipated to decline to just under €10 million.

The value of total assets by the end of FY2024 is expected to go down to €317.3 million from €349.2 million as at the end of FY2023, reflecting the deleveraging mentioned above as well as the payment of dividends to GO's shareholders.

10. STATEMENT OF CASH FLOWS

year ended 31 December	2021 (A)	2022 (A)	2023 (A)	2024 (A)
	€'000	€'000	€'000	€'000
Net Cash from Operating Activities	46,220	42,539	59,592	43,937
Net Cash Used in Investing Activities	(28,072)	(37,350)	(14,587)	(29,016)
Free Cash Flow	18,148	5,189	45,005	14,921
Net Cash Used in Financing Activities	(3,501)	(30,601)	(7,331)	(46,249)
Net movements	14,647	(25,412)	37,674	(31,328)
Cash & Cash Equivalents:				
At the Beginning of the Year	14,117	28,655	3,134	40,807
Exchange Differences	16	(191)	53	-
Movement in Cash pledged as guarantees	(125)	82	(54)	-
At the End of the Year	28,655	3,134	40,807	9,479

FY2023 OVERVIEW

In FY2023, GO generated €59.6 million in net cash from operations which is materially higher than the €42.5 million generated in FY2022 on the back of the improved financial performance of the Company as described in section 8 above as well as positive working capital movements, which as at the end of FY2023 amounted to €9.6 million and consisted, in the main, of an increase in trade and other payables.

The net cash used in investing activities reflects the acceleration of capital investment in its network infrastructure principally related to the continued deployment of FTTH and the completion of the international connectivity through the third submarine cable as well as the additional financing extended to its Cypriot telecom subsidiary meant that the Company utilised €14.6 million in excess of the €31.3 million generated from dividends received from its subsidiary GIS in relation to the mobile network towers sold to BMITT.

In FY2023, GO drew down on additional bank loans amounting to €23 million. Net of repayments made during the year, interest paid on borrowings, lease payments and dividends paid, the net cash used by the Company in financing activities amounted to €7.3 million.

Cash and equivalents as at 31 December 2023 stood at €40.9 million (FY2022: €3.1 million).

OUTLOOK FY2024

In line with the expected performance (explained in section 8 above), including the normalisation of GO's business activities in FY2024, and the reversal of the capital working movements recorded in the prior year, the Company's cash generated from operations is expected to decline to €44 million (FY2023: €59.6 million).

In terms of investing activities, whilst the company will continue to pursue its investment plans, comparing normalised figures, cash used in investing activities is expected to drop by around €6 million to €29 million as the Company is at the tail-end of its investment cycle in relation to the FTTH deployment, the upgrade of its mobile network to 5G as well as the digitisation of the Company's operations.

As mentioned earlier, GO paid a special dividend to its shareholders amounting to €15.2 million during the first few months of FY2024 and resolved to recommend a final dividend utilising the cash balances available at the end of FY2023. Moreover, the Company plans to make additional borrowing repayments in order to maximise the use of the available cash balances (thus anticipating a much lower level of new loan drawdowns) and reduce the interest burden. As a result, the net movements expected in relation to financing activities are for a total net outflow of €46.2 million.

Overall, GO is forecasting a net cash outflow of €31.3 million leading to a reduction in cash balances at the end of FY2024 to €9.5 million.

11. RATIO ANALYSIS

The following set of ratios have been computed from the Company's figures, both historical and projections.

	FY2021 (A)	FY2022 (A)	FY2023 (A)	FY2024 (F)
Gross Profit Margin <i>(Gross Profit / Revenue)</i>	41.6%	41.4%	40.4%	37.6%
Operating Profit Margin <i>(Operating Profit / Revenue)</i>	16.1%	18.4%	20.7%	15.0%
Net Profit Margin <i>(Net Profit / Revenue)</i>	11.6%	12.2%	34.3%	9.7%
EBITDA Margin <i>(EBITDA / Revenue)</i>	40.7%	42.1%	43.3%	40.2%
Return on Assets <i>(Profit for the year / Average Assets)</i>	5.1%	5.5%	14.8%	3.9%
Return on Equity <i>(Profit for the Period / Average Equity)</i>	11.8%	14.2%	37.6%	9.5%
Gearing Ratio (inc. lease liabilities) <i>(Total Borrowings inc. Leases / Equity + Total Borrowings inc. Leases)</i>	50.3%	51.4%	47.5%	48.1%
Gearing Ratio 2 (inc. lease liabilities) <i>(Net Debt inc. leases / Net Debt inc. leases + equity)</i>	42.7%	50.1%	38.1%	46.0%
Gearing Ratio (exc. Leases) <i>(Total Borrowings / Total Borrowings + Equity)</i>	43.3%	41.4%	39.7%	39.1%
Net Debt to EBITDA (inc. Leases)	1.72x	2.06x	1.46x	2.06x
Current Ratio <i>(Current Assets / Current Liabilities)</i>	1.15x	0.73x	1.16x	0.94x
Cash Ratio <i>(Cash & Equivalents / Current Liabilities)</i>	0.49x	0.08x	0.50x	0.15x
Interest Cover Ratio <i>(EBITDA / Net Finance Cost)</i>	14.08x	16.22x	13.08x	14.36x

Profitability ratios generally improved in FY2023 compared to the already sound figures registered in FY2022. For FY2024, the Company is expecting profitability ratios to ease marginally as the positive post pandemic economic rebound which drove strong demand for telecoms services across the board in FY2022 and the one-off events in FY2023, are expected to ease in FY2024. Additionally, the Company is experiencing additional inflationary pressures that will continue to drive costs higher, thereby adversely effecting margins.

The effect of the stronger retained earnings for the year offset the increased level of total borrowings, as reflected in the improved leverage ratios in FY2023. These improved further when taking into account the strong cash balances available at the end of the 2023 financial year. While gearing ratios are expected to ease up again in 2024, these remain at acceptable levels, as the Company aims to reduce its borrowings through the utilisation of cash, despite the declaration (and payment) of dividends throughout the year.

The Company's net debt to EBITDA multiple was exceptionally strong in FY2023 at 1.5 times and is expected to remain comforting at 2.1 times for FY2024. Similarly, interest cover was and is expected to remain very strong confirming the Company's ability to easily support and service its financing structures and costs (interest payments on borrowings).

12. VARIANCE ANALYSIS

year ended 31 December	2023 (A)	2023 (F)	
	€'000	€'000	
Revenue	139,404	132,964	4.8%
Cost of Sales	(83,148)	(78,542)	5.9%
Gross Profit	56,256	54,422	3.4%
Admin & Other Related Expenses	(31,608)	(33,210)	-4.8%
Other Income	4,470	1,055	323.7%
Other Expenses	(242)	(75)	222.7%
Operating Profit	28,876	22,192	30.1%
EBITDA	60,337	52,529	14.9%
<i>Depreciation & Amortisation</i>	<i>(31,461)</i>	<i>(30,337)</i>	3.7%
Operating Profit	28,876	22,192	30.1%
Dividend Income	32,897	3,923	738.6%
Net Finance Costs	(4,612)	(3,959)	16.5%
Profit Before Tax	57,161	22,156	158.0%
Taxation Expense	(9,345)	(7,755)	20.5%
Profit for the Year	47,816	14,401	232.0%
Normalised Profit Before Tax	26,716	20,390	31.0%

The actual revenue generated by GO during FY2023 came in higher than that forecasted in the 2022 FAS dated 12 May 2023. As discussed earlier, the positive variance in revenue was principally the result of incremental revenue from telecom services, as a result of additional mobile and fixed-line subscriptions, higher ARPU achieved and increase in the sale of goods particularly in the wholesale sphere which were not envisaged.

Direct costs came in higher, reflective of the increased revenue generated during the year. Administrative costs were lower, as the Company retained tight controls thereon. Meanwhile, other income was higher, as it includes the gain recognised on the transfer of the mobile network towers to GIS prior to the disposal to BMITT. This sale also contributed to a one-off dividend income from GIS in FY2023, creating a positive variance of just under €30 million.

Net finance costs came in higher than anticipated for FY2023 which is the result of additional borrowings drawn down to accelerate the FTTH rollout, as well as the higher than forecast increase in interest rates experienced during the year which was not anticipated in full.

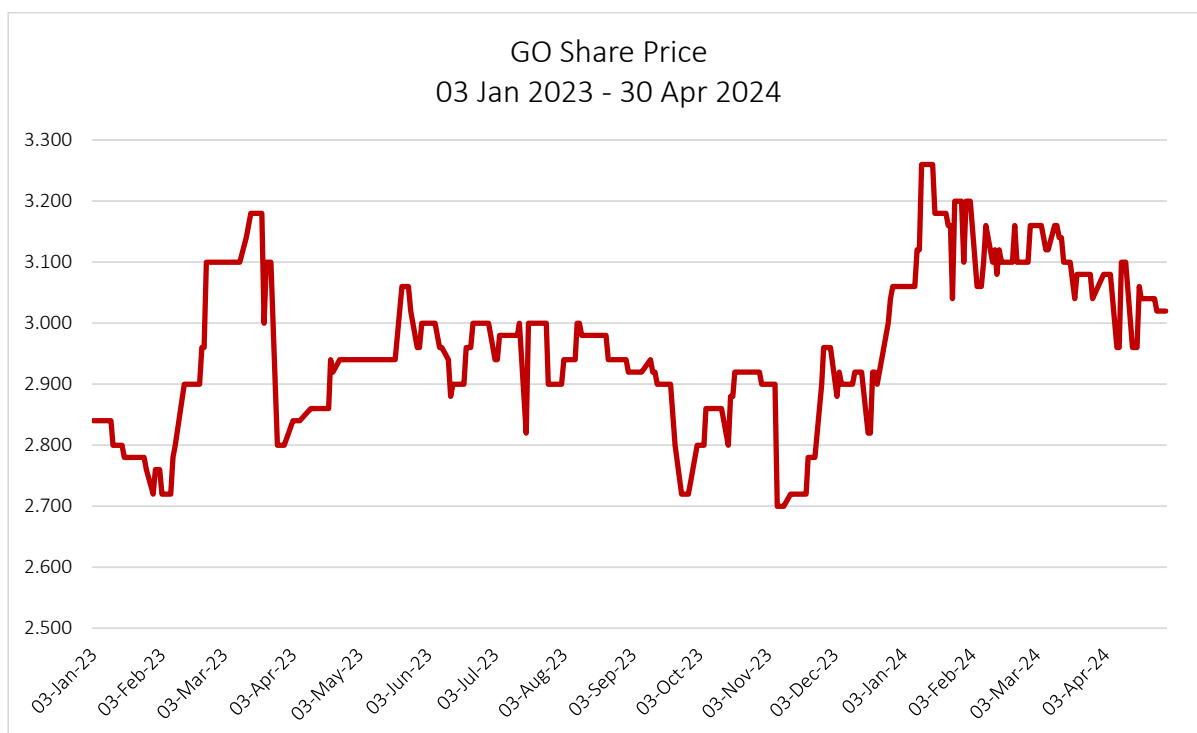
The effect of these various variances followed through to the bottom line as profit for the year at Company level reached €47.8 million compared to a forecast of €14.4 million.

Normalising the profit before tax to remove the effect of the transfer of the mobile network towers, the Company would have registered a 31% positive variance on the profit before tax included in the 2023 FAS largely reflecting the aforementioned higher than expected levels of business activity.

PART C LISTED SECURITIES

GO's shares are listed on the Official List of the Malta Stock Exchange. Details of its listed securities are included hereunder:

Number of shares in issue:	101,310,488 shares
ISIN:	MT0000090101
Highest price in 2023:	€3.180
Lowest price in 2023:	€2.700
2023 Closing Price:	€3.060
Current price:	€3.02 (as at 30 April 2024)



GO also has a €60 million bond listed on the Official List of the Malta Stock Exchange, details of which are included hereunder:

Bond Details:	3.5% unsecured maturing in 2031
ISIN:	MT0000091216

Furthermore, GO plc owns 51% of BMIT Technologies plc. The shares of BMIT Technologies plc are also listed on the Official List of the Malta Stock Exchange, details of which are included hereunder:

Number of shares in issue: 203,595,310

ISIN: MT0002130103

Cablenet Communication Systems plc is another subsidiary of GO (ownership: 70.2%) and it has a €40 million bond listed also on the Official List of the Malta Stock Exchange, details of which are included hereunder:

Bond Details: 4.0% unsecured maturing in 2030

ISIN: MT0002461201

PART D COMPARATIVES

The table below compares the Company's bonds with other local corporate bonds having maturities closest to the Company's bonds. The list excludes issues by financial institutions. The comparative set includes local groups whose assets, strategy and level of operations vary significantly from those of the Company and are therefore not directly comparable. Nevertheless, the table below provides a sample of some comparatives:

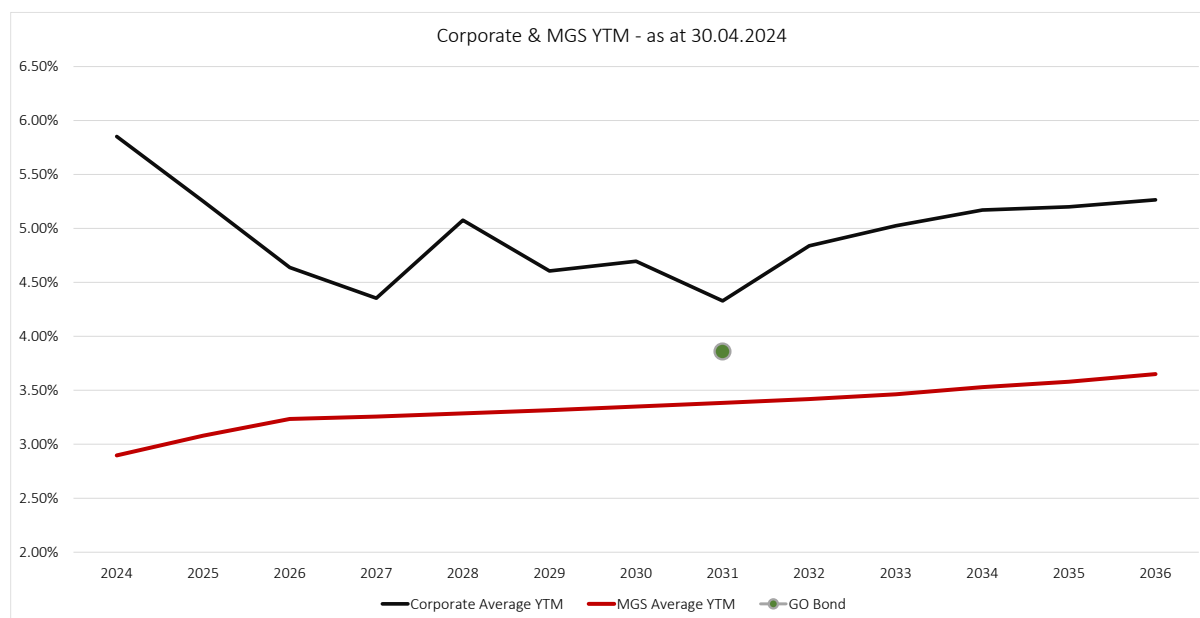
Bond Details	Amounts Outstanding (€)	Gearing*	Net Debt to EBITDA	Interest Cover**	YTM as at 30.04.2024
4.00% Cablenet Communication Systems plc Unsecured 2030	40,000,000	100.7%	2.4x	5.44x	4.63%
3.65% Int. Hotel Investments plc 2031	80,000,000	42.5%	9.6x	1.84x	4.77%
4.00% Malta Properties Company plc 2032 (Secured)	25,000,000	27.9%	6.3x	3.21x	4.06%
3.5% GO plc Unsecured 2031	60,000,000	54.7%	1.4x	10.61x	3.86%

Source: Yield to Maturity from rizzofarrugia.com, based on bond closing prices of 30 April 2024. Ratios and financial information quoted have been based on the respective issuers' unadjusted published financial.

*Gearing: $(\text{Net Debt} / \text{Net Debt} + \text{Total Equity})^4$

**Interest Cover: $(\text{EBITDA} / \text{Net Finance Costs})$

The following shows the average yield to maturity of listed corporate bonds and MGS covering 2024 to 2036, both years included, and how GO's bond priced at 3.5% compares to such average yields. All the yields presented hereunder are as at 30 April 2024.



At a YTM of 3.86%, GO's bond issue is priced 47 basis points below the estimated average corporate YTM for 2031 maturities and at 48 basis points premium over the average MGS YTM for 2031 maturities.

⁴ Net debt excludes leases.

PART E GLOSSARY

INCOME STATEMENT EXPLANATORY DEFINITIONS

Revenue	Total revenue generated by the company from its business activity during the financial year.
EBITDA	Earnings before interest, tax, depreciation and amortisation, reflecting the company's earnings purely from operations.
Normalisation	Normalisation is the process of removing non-recurring expenses or revenue from a financial metric like EBITDA, EBIT or earnings. Once earnings have been normalised, the resulting number represents the future earnings capacity that a buyer would expect from the business.
EBIT	Earnings before interest and tax.
Depreciation and Amortisation	An accounting charge to compensate for the reduction in the value of assets and the eventual cost to replace the asset when fully depreciated.
Finance Income	Interest earned on cash bank balances and from the intra-group companies on loans advanced.
Finance Costs	Interest accrued on debt obligations.
Profit for the Year	The net profit after tax generated in one financial year.

CASH FLOW STATEMENT EXPLANATORY DEFINITIONS

Cash Flow from Operating Activities	The cash used or generated from the company's business activities.
Cash Flow from Investing Activities	The cash used or generated from the company's investments in new entities and acquisitions, or from the disposal of fixed assets.
Cash Flow from Financing Activities	The cash used or generated from financing activities including new borrowings, interest payments, repayment of borrowings and dividend payments.
Free Cash Flow (FCF)	FCF represents the amount of cash remaining from operations after deducting capital expenditure requirements.

STATEMENT OF FINANCIAL POSITION EXPLANATORY DEFINITIONS

Assets	What the company owns which can be further classified in Current and Non-Current Assets.
Non-Current Assets	Assets, full value of which will not be realised within the forthcoming accounting year.

Current Assets	Assets which are realisable within one year from the statement of financial position date.
Liabilities	What the company owes, which can be further classified in Current and Non-Current Liabilities.
Current Liabilities	Obligations which are due within one financial year.
Non-Current Liabilities	Obligations which are due after more than one financial year.
Equity	Equity is calculated as assets less liabilities, representing the capital owned by the shareholders, retained earnings, and any reserves.

PROFITABILITY RATIOS

EBITDA Margin	EBITDA as a percentage of total revenue.
Operating Profit Margin	Operating profit margin is operating profit achieved during the financial year expressed as a percentage of total revenue.
Net Profit Margin	Net profit margin is profit for the year achieved during the financial year expressed as a percentage of total revenue.
Return on Equity	Return on equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing profit for the year by shareholders' equity.
Return on Assets	Return on Assets (RoE) measures the rate of return on the assets of the company. This is computed by dividing profit for the year by average assets.

LIQUIDITY RATIOS

Current Ratio	The current ratio is a financial ratio that measures whether a company has enough resources to pay its debts over the next 12 months. It compares a company's current assets to its current liabilities.
Cash Ratio	Cash ratio is the ratio of cash and cash equivalents of a company to its current liabilities. It measures the ability of a business to repay its current liabilities by only using its cash and cash equivalents and nothing else.

SOLVENCY RATIOS

Interest Coverage Ratio	This is calculated by dividing a company's operating profits of one period by the company's net finance costs of the same period.
Gearing Ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance a company's assets, and is calculated by dividing a company's net debt by net debt plus shareholders' equity. The ratio can also be calculated using total figures.
Net Debt to EBITDA	This is the measurement of leverage calculated by dividing a company's interest-bearing borrowings net of any cash or cash equivalents by its EBITDA.

OTHER DEFINITIONS

Yield to Maturity	YTM is the rate of return expected on a bond which is held till maturity. It is essentially the internal rate of return on a bond and it equates the present value of bond future cash flows to its current market price.
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