

The Board of Directors
Cablenet Communication Systems plc
Nimeli Court, Block A, Floor 2,
41-49 Ayiou Nicolaou Street,
Engomi, 2048,
Nicosia, Cyprus

13 May 2024

Dear Sirs,

Cablenet Communication Systems plc – Financial Analysis Summary (the “Update FAS”)

In accordance with your instructions and in line with the requirements of the MFSA 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 Cablenet Communication Systems plc (a public limited liability company registered under the laws of Cyprus bearing company registration number HE 137520) (the “Company” or “Issuer”). The data 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 the Financial Analysis Summary 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 'Christopher Mallia', with a stylized flourish at the end.

Christopher Mallia

Corporate Advisory Executive

FINANCIAL ANALYSIS SUMMARY

UPDATE 2024

The logo for CableNet, featuring three slanted parallel lines to the left of the word "cablenet" in a lowercase, sans-serif font, all contained within a purple rectangular background.

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

13 May 2024

The logo for Rizzo Farrugia, consisting of a stylized icon of a building or structure with red and black elements, followed by the text "RIZZO FARRUGIA" in bold black uppercase letters and "YOUR INVESTMENT CONSULTANTS" in red uppercase letters below it.

RIZZO FARRUGIA
YOUR INVESTMENT CONSULTANTS

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IMPORTANT INFORMATION

PURPOSE OF THE DOCUMENT

Cablenet Communication Systems plc (the “**Company**”, “**Cablenet**”, or “**Issuer**”) issued €40 million 4% bonds maturing in 2030 pursuant to a prospectus dated 21 July 2020 (the “**Bond Issue**”). In terms of the Listing Policies of the MFSA 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.cablenet.com.cy), 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 Euros, 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:

21 July 2020 (appended to the prospectus)

10 May 2021

26 May 2022

08 May 2023

ABBREVIATIONS

FTTH	Fibre-To-The-Home
ICT	Information & Communication Technology
IFRS	International Financial Reporting Standards
IoT	Internet of Things
MNO	Mobile Network Operator
OCECPR	Office of Electronic Communications & Postal Regulations
PABX	Private Automatic Branch Exchange
RAN	Radio Access Network
VPN	Virtual Private Network
WAN	Wide Area Network

PART A BUSINESS AND MARKET OVERVIEW UPDATE

1. INTRODUCTION

Cablenet Communication Systems plc (“**Cablenet**”, the “**Company**” or the “**Issuer**”) is a public limited liability company incorporated in Cyprus on 10 April 2003, bearing company registration number HE 137520. The principal activities of the Company include the provision of telecommunication and entertainment services. The Issuer operates exclusively in and from Cyprus.

The Company offers multiple packages of Internet, telephony, TV and Sports content as well as mobile telephony services, to its retail base (approximately 86,000 fixed and 142,000 mobile subscribers) and its corporate clients (approximately 5,100 businesses; figures as of the end of 2023); business services can be tailored to meet the demands and requirements of any type of client, whether small, medium or large business clients.

Since 2020, Cablenet has been part of a trilateral sports content agreement together with Primetel and Cyta, thus bringing all the local football rights under the joint pool that also includes European football league matches. Sports content parity allowed Cablenet to compete on the basis of its broadband strength and “value” brand which materially contributed to the increase in the number of sports subscriptions therefrom. The trilateral sports content sharing agreement remains in place and is set to expire at the end of June 2024, although the Company believes that it is likely to be renewed on broadly the same economic terms for at least another two- year period. Apart from sports, the subscription TV content currently being offered includes local linear channels and international linear channels.

Since May 2021, Cablenet’s RAN¹ sharing agreement has come into effect enabling Cablenet to utilise Cyta’s market-leading, in terms of reach and quality, mobile network. In 2022, as part of the agreement, Cablenet was able to access Cyta’s sites and utilise its own spectrum of 4G radio frequencies when servicing its customers whilst also preparing to start utilising its 5G radio frequencies in 2025. The mobile retail offering is based on the concept of unlimited data, it has disrupted the domestic market (which featured expensive mobile data products) and is driving the majority of the growth of Cablenet.

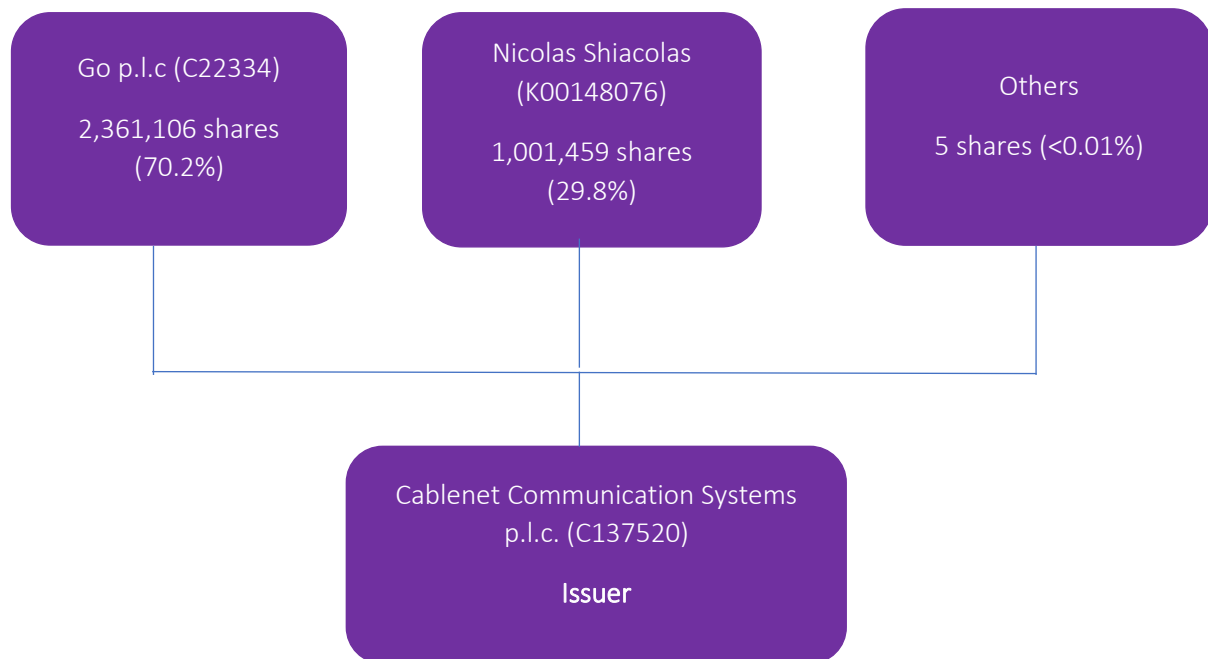
In addition, the above offering, in its equivalent business version, is also available to the Company’s corporate clients. These clients can also enjoy value-added services that include VPN services, colocation / hosting services, DDoS protection, ICT projects and sales of hardware and software.

¹ *Radio Access Network (RAN) is a method by which telecom operators share their network infrastructure with other operators. In this case, Cablenet utilises the mobile network of Cyta against a predetermined fee.*

The Company is currently on a long-term evolutionary path towards establishing itself as a national full-service (quad-play) telecom operator by expanding the reach and coverage of its fixed services and scaling up the mobile services business.

2. GROUP STRUCTURE

The current shareholding structure is as follows:



3. CORPORATE GOVERNANCE AND MANAGEMENT

BOARD OF DIRECTORS

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

Nikhil Prakash Patil	Non-Executive Chairman
Kelvin Camenzuli	Non-Executive Director
Yiannos F. Michaelides	Executive Director <i>(Resigned on 27 October 2023)</i>
Lassaad Ben Dhiab	Non-Executive Director
Faker Hnid	Non-Executive Director
Neoclis Nicolaou	Non-Executive, Independent Director
Michael Warrington	Non-Executive, Independent Director
Menelaos Shiacolas	Non-Executive Director
Marios Kalochoritis	Non-Executive Independent Director
Norbert Prihoda	Non-Executive Director <i>(Appointed on 27 October 2023)</i>

The Company Secretary is Dr Francis Galea Salomone.

SENIOR MANAGEMENT

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

Yiannos F. Michaelides	Chief Executive Officer <i>(effective until 30 June 2024)</i>
Ioannis Mavridis	Chief Financial Officer <i>(CEO with effect from 01 July 2024)</i>
Pambos Moyseos	Chief Commercial Officer - Retail
Thomas Hoplaros	Chief Commercial Officer - Business
Panagiotis Kouloumprides	Chief Core Networks Officer
Michael Pericleous	Chief Access Network Officer
Chrystalla Karagiorgi	Chief Human Resources Officer
Elias Theodorou	Chief Strategy Officer
Ingrid Camilleri	Chief Digital Transformation Officer

4. MATERIAL OPERATIONAL DEVELOPMENTS

Following a tumultuous period largely characterised by the events related to the COVID-19 pandemic, the prevailing environment is still challenging in view of the various geopolitical conflicts as well as the inflationary and supply chain pressures which haven't been completely resolved notwithstanding the various fiscal and monetary policy actions. Moreover, the Cypriot telecoms market remains a significantly competitive one.

Notwithstanding this, Cablenet continued to deliver on its long-term strategic objective: *“to continue on a growth trajectory path, establishing sizeable market shares in all services which can be delivered on a national basis”*.

In fact, Cablenet retained its prominent market position in the Cypriot telecoms market as it continues to rank as the second largest broadband and TV provider (behind the incumbent operator, Cyta) whilst building its presence in mobile particularly in the post-paid space where Cablenet now ranks as the third-largest mobile operator.

MOBILE

2023 saw a further significant increase in the scale of the Company's mobile business, operating under a MNO (Mobile Network Operator) model, led by the Company's innovative Purple Max product concept, which is centred on post-paid customers, with unlimited data allowances at prices affordable to the entire market in line with the Company's traditional “value” proposition to the consumers. Additionally, this growth was further supported by the expansion of the device financing options available to customers. The Cypriot mobile market is a significantly bigger market, in terms of revenue and customers, than the fixed one, where Cablenet has traditionally been active, with 1.4 million users², of which 70% are post-paid and 30% pre-paid users.

The Company's growing presence in this market section is delivering the transformative impact on Cablenet's financial performance that it was expecting and is the reason, beyond the strategic fit, that it will continue to pursue. The latter course also implies an above-average period of investment that will continue in the foreseeable future.

As a result of the Company's continued focus on the growth of the mobile business, Cablenet saw an increase of c. 21% of its mobile subscriber base, to 142,000 (2022: 117,000) post-paid and pre-paid

² Source: [https://ocepr.ee.cy/images/files_uploads/katanalotes/paratiritirio-
agoras/EC_Report_MobileTelecomBulletin_GR_Q4.23_%CE%A0%CE%9A_%CE%A1%CE%A6.pdf](https://ocepr.ee.cy/images/files_uploads/katanalotes/paratiritirio-
agoras/EC_Report_MobileTelecomBulletin_GR_Q4.23_%CE%A0%CE%9A_%CE%A1%CE%A6.pdf)

subscribers at the end of 2023 and consequently an increase of 54.7% in its mobile service revenue in 2023 to €16.8 million (2022: €10.9 million).

During 2023, the Company concluded the migration of its mobile customers onto its own 4G frequency spectrum and invested in additional coverage and capacity capabilities as well as improvement planning and monitoring tools. In the meantime, the Company is undertaking the necessary actions in anticipation of the launch of the 5G service which is expected to commence in 2025.

SPORTS CONTENT

Cablenet owns the exclusive broadcasting rights of five local Cypriot Football teams. During 2023, the Company agreed to extend the contracts for broadcasting rights with two teams for an additional three years up to May 2027. The Company's management indicated that negotiations are underway with one of the three remaining teams for a further extension, while that of the other two will not be renewed further.

NETWORK INFRASTRUCTURE

On the fixed services side, the Company continued the expansion of its network into new areas of Cyprus via a Fiber Optic Network in order to meet demand from both homes and businesses. Cablenet has also continued the densification of and plugging small coverage gaps in its Hybrid fibre-coaxial (HFC) network, resulting in an estimated aggregate coverage of c. 228,000 households compared to c. 205,000 at the end of 2022. More than 85,000 households (2022: 82,600) and 5,100 businesses (2022: 4,800) by the end of 2023 trusted Cablenet for their broadband and other fixed services. The Company remains committed to expanding its FTTH network coverage areas further to reach its target of covering approximately 80% of the country's households which is now estimated at 492,555 households (as per the 2021 census and representing a 39.5% increase than the amount disclosed in the 2011 census).

5. MAJOR ASSETS

The Company's major assets are primarily Property, Plant & Equipment (PPE), Intangible Assets and Right-of-Use Assets, in line with its business model. PPE includes €41 million of network infrastructure, €5 million of furniture, fixtures, equipment and computer hardware, €2.4 million in assets under construction (largely related to additional investments in the Company's network infrastructure) and €2 million of leasehold buildings and improvements. The intangible assets mainly include football rights and international capacity rights. With regards to the Right-of-Use (ROU) Assets, these mainly comprise leases of offices, warehouses and retail shops across Cyprus used by the Company in its provision of services, as well as leases related to motor vehicles, as well as 4G and 5G Spectrum Licences.

	FY2021	FY2022	FY2023
		<i>Restated</i>	
	€'000	€'000	€'000
Property, plant and Equipment (PPE)	41,858	46,262	51,085
Intangible Assets	22,209	22,945	29,541
Right-of-Use (ROU) Assets	4,260	19,721	17,814
Major Non-Current Assets (MNCA)	68,327	88,928	98,440
Total Assets	88,343	110,445	120,577
<i>MNCA / Total Assets</i>	<i>77.3%</i>	<i>80.52%</i>	<i>81.64%</i>

The increases noted above in major non-current assets by the end of FY2023 are reflective of the renewal of a number of football rights agreements as well as the further investment in the Company's network infrastructure.

6. MARKET OVERVIEW

THE TELECOMS INDUSTRY

Connectivity is at the heart of today's modern society as it allows communities to become increasingly interconnected, both for businesses as well as for people. 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, entertainment in the form of virtual reality, businesses increasingly offering e-commerce experiences for their clients, or for example, the deployment of very advanced data analytics by a number of companies to assist in their strategic decision-making processes as well as the evolution of Artificial Intelligence (AI). In addition, 5G is the upcoming trend in mobile technology and it is expected to revolutionise also other aspects of the ICT industry. All this digital evolution requires communication and data.

Global broadband operators are investing substantial sums into their infrastructure to support next-generation 5G and fibre networks whilst having to operate in a highly competitive environment and service a more cost-conscious customer. As a result, average revenue per user (ARPU) remains under pressure, thereby requiring telcos to come up with innovative products and services to generate incremental revenues while maintaining strict cost controls.

THE CYPRIOT TELECOMS INDUSTRY

The area under the control of the Cyprus government, in which Cablenet operates, has a population of around 923,000 and spread across a geographical area of around 5,900 square kilometres. To put this into perspective, the population is almost twice that of Malta, while the geographical area is almost 20 times bigger. Cablenet operates in areas that cover approximately 58.5% (2022: 52.5%) of the population and is present in all five regions of the country but more concentrated on four of those: Nicosia, Larnaca, Limassol and Paphos.

Four market players compete in the Cypriot telecoms market: Cyta (incumbent), Cablenet, Epic and Primetel.

Fixed line telecommunication has seen a decline ever since 2014, as mobile technology became more popular and affordable. As a matter of fact, the island has one of the cheapest call rates of all EU member states. In 2021, the government of Cyprus announced a National Broadband Plan 2021-2025 wherein it promoted FTTH technologies and 5G infrastructure to become available nationally, improving connectivity and enabling digitalisation of the country.

In terms of market share, split by service offering, during 2023 Cablenet increased its number of fixed broadband subscriptions by c. 2.9% to 85,000 compared to 82,600 in 2022. This growth rate was much stronger than the pace of increase of 2.2% across the entire Cypriot fixed broadband market, thus resulting in Cablenet's market share continuing to improve to a record of c. 23.9% as at 31 December 2023 compared to 23.4% as at the end of 2022. As a result, Cablenet cemented its position as the second largest broadband operator ahead of PrimeTel (with a market share of 11.1%) and Epic (market share of 7.1%). Meanwhile, Cyta retained a practically unchanged market presence at 57.9%.

Within the pay-TV segment, Cablenet shed 0.4 percentage points from its market share to 35.9% on the back of competition from over-the-top (OTT) media streaming services (such as Netflix, Amazon Prime and Disney+) and as some customers cut back on pay-TV discretionary spending. Nonetheless, the Company clearly maintained its position as the second largest TV provider. In fact, together with Cyta, they continued to dominate the market as they ended 2023 with 35.9% and 46.4% in market share respectively. Meanwhile, PrimeTel's market share decreased to 13.6% from 13.7% whilst Epic's market share increased to 4.2% from 3.9% as at the end of 2022.

In the mobile segment, Cablenet's subscriber base expanded at a materially and significantly higher rate than that of the overall market. In fact, Cablenet's mobile subscribers grew by around 52% to 142,000 subscribers compared to just a 2.9% growth for the whole Cypriot mobile market. Even though Cablenet remains the smallest player overall, its market share grew to 9.9% of the total (from 6.7% in 2022) and in the post-paid segment ranks as the third largest mobile operator with a market share of 10.1%. Meanwhile, PrimeTel only increased its overall market share minimally to 10.7% from 10.6% in 2022. On the other hand, the two leading companies in terms of market share, Cyta and EPIC, lost 1.2 percentage points and 2.0 percentage points to 49.6% and 29.9% respectively.

In total, the number of mobile subscriptions in Cyprus increased to 1.43 million as contract subscription base increased by 5.7% to 1,004,884 whilst the prepaid agreements contracted by 2.9% to 428,613 subscribers. Similarly, the penetration rate increased to a record of 156.1% in 2023, as the penetration rate in contract subscriptions reached 109.5% whilst the penetration rate in prepaid agreements decreased to 46.7% from 48.1% in 2022.

Cablenet registered a contraction in the fixed telephony market in 2023 as the Company ended the year with a market share of 23.8% (2022: 27.0%) as the market shares of Cyta and EPIC increased to 56.6% (2022: 54.3%) and 9.4% (2022: 8.0%) respectively. Meanwhile, PrimeTel's market share fell from 10.7% at the end of 2022 to 10.3% at the end of 2023.

SOURCES USED FOR THE MARKET OVERVIEW:

<https://digital-strategy.ec.europa.eu/en/policies/broadband-cyprus>

<https://www.pwc.com/gx/en/industries/tmt/telecom-outlook-perspectives.html>

<https://www2.deloitte.com/us/en/pages/technology-media-and-telecommunications/articles/telecommunications-industry-outlook.html>

https://ocepr.ee.cy/images/files_uploads/agera/paratiritirio-ageras/enimerotika-deltia/EC_Report_FixedTelephonyBroadbandTelecomBulletin_GR_Q4.23_-_Revised.pdf

https://ocepr.ee.cy/images/files_uploads/katanalotes/paratiritirio-ageras/EC_Report_MobileTelecomBulletin_GR_Q4.23_%CE%A0%CE%9A_%CE%A1%CE%A6.pdf

PART B FINANCIAL ANALYSIS

7. INTRODUCTION TO PART B

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

Within the 2023 Annual Report, the financial statements for the year 2022 were restated. The restatement of the comparative figures was undertaken by Cablenet in view of: (i) the adjusted depreciation and amortisation rates to align such with the assets' actual useful life and to those of the GO Group as well as (ii) to reflect the effect of the share-based payment compensation offered to its CEO but which was previously omitted. Further details identifying the nature of the restatements and their effect thereof may be found under Note 4 in the Notes to the Financial Statements for the audited year ended 31 December 2023.

8. THE INCOME STATEMENT

Year ended 31 December	2021 (A)	2022 (A) <i>Restated</i>	2023 (A)	2024 (F)
	€'000	€'000	€'000	€'000
Revenue	53,503	63,900	74,272	75,282
Direct Costs	(21,687)	(27,877)	(34,419)	(34,814)
Gross Profit	31,816	36,023	39,853	40,468
Operating Costs	(16,496)	(18,653)	(18,923)	(17,589)
Other Income	60	78	228	-
EBITDA	15,260	17,448	21,141	22,879
Depreciation & Amortisation	(17,816)	(19,655)	(19,431)	(19,705)
Operating Profit / (Loss)	(2,556)	(2,208)	1,709	3,174
Net Finance Costs	(2,548)	(3,105)	(3,874)	(3,897)
Profit / (Loss) Before Tax	(5,104)	(5,313)	(2,164)	(724)
Taxation Expense	533	12	(160)	-
Profit / (Loss) for the Year	(4,571)	(5,301)	(2,324)	(724)
EBITDA	15,260	17,448	21,141	22,879
<i>Operating Profit</i>	<i>(2,556)</i>	<i>(2,208)</i>	<i>1,709</i>	<i>3,174</i>
<i>Depreciation & Amortisation</i>	<i>17,816</i>	<i>19,655</i>	<i>19,431</i>	<i>19,705</i>

REVENUE & CONTRIBUTION ANALYSIS

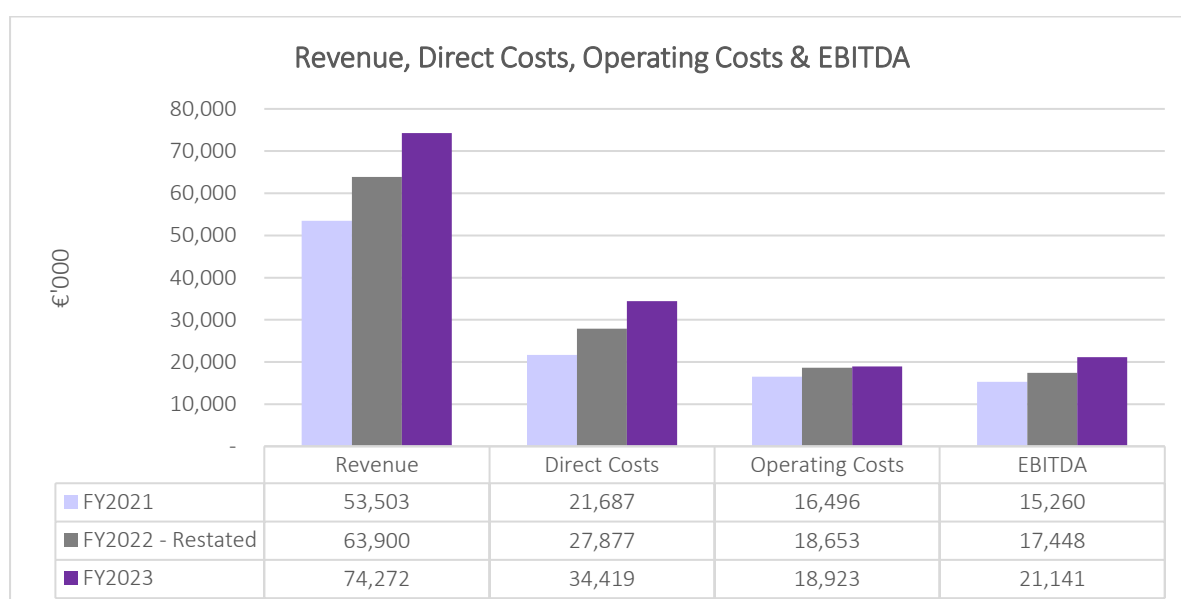
During FY2023, the Company registered a 16.2% increase in revenue to €74.3 million largely reflecting its focus on growing its mobile business as evidenced by the increase in mobile subscribers as described in section 4 above. In fact, mobile services revenue increased by 54.7% to €16.8 million and revenue from the sale of devices almost doubled to €6.7 million.

Direct costs increased by 23.5% to €34.4 million, thereby at a higher pace than the increase in revenue reflecting the higher level of sales of devices which carry a lower margin and inflationary pressures which were only partially offset by the benefits derived from the Company's growing scale, maturity and operating leverage. Contribution (gross profit before any depreciation and amortisation) increased by 10.6% to €39.9 million, however, the gross profit margin contracted to 53.7% from 56.4% in FY2022, reflective of the aforementioned increase in device sales which carry a lower margin.

EBITDA, OPERATING COSTS & OTHER INCOME

Selling, distribution, administrative and other costs (excluding depreciation) totalled €18.9 million in FY2023 (FY2022: €18.7 million) reflecting the strict cost control measures implemented and adhered throughout FY2023 which partly offset the adverse impact of additional electricity and fuel costs.

After accounting for the above costs and other income, the Company's EBITDA registered a 21.2% increase to a record €21.1 million in FY2023, from €17.4 million in FY2022. The growth in EBITDA is a direct reflection of the initial fruits borne out of the significant investments undertaken in recent years with the aim of growing the Company's business and establish Cablenet as one of main players in the Cypriot telecoms market across broadband, TV and mobile services.



DEPRECIATION AND AMORTISATION

A large cost component for the Company are the non-cash charges relating to Depreciation and Amortisation ('D&A'), which account for approximately a quarter of total operating costs. These charges were relatively unchanged in FY2023 at €19.4 million compared to €19.7 million in FY2022. The Company continues to invest in its network infrastructure, and as such, this attracts the highest depreciation charge of €6.5 million (FY2022: €7.4 million) amongst its pool of capital assets.

Amortisation of football rights, which amounted to €5.1 million in FY 2023 (FY2022: €5.0 million) is also a large contributor to D&A, this reflecting the agreement for a fixed useful life of broadcasting rights for Cypriot sports content.

The third largest component of D&A is depreciation on furniture, fixtures, equipment and computer hardware which amounted to €2.3 million in the year under review (FY2022: €2.2 million).

PROFITABILITY ANALYSIS

In view of the further business growth achieved in FY2023, the Company managed to reach a new milestone - registering an operating profit. In fact, after deducting depreciation and amortisation, Cablenet registered an operating profit of €1.7 million compared to an operating loss of €2.2 million in FY2022. The growing scale of its business is allowing the Company to take advantage of scale and operating leverage as a substantial part of its cost base is fixed.

Net finance costs increased by 24.8% to €3.9 million reflecting the additional borrowings drawn down during FY2023 as well as the rise in interest rates which impacted to the rate charged on the Company's overdraft and the rate charged on the new borrowings.

As a result, the Company still registered a loss before tax of €2.2 million, although this is tighter than the €5.3 million pre-tax loss registered in FY2022. After accounting for a tax expense of €0.2 million, the net loss for the year amounted to €2.3 million compared to a net loss of €5.3 million in FY2022. Nonetheless, the CEO of the Company noted in his Annual Report review that the next milestone in the financial performance path of Cablenet is to turn a net profit.

VARIANCE ANALYSIS – FY2023

Income Statement	Forecast	Actual	Variance	
	2023	2023	€'000	%
Year ended 31 December	€'000	€'000	€'000	%
Revenue	73,523	74,272	749	1.0%
Direct Costs	(34,133)	(34,419)	(286)	0.8%
Gross Profit	39,391	39,853	462	1.2%
Operating Costs	(19,128)	(18,923)	205	-1.1%
Other Income	-	228	-	-
EBITDA	20,263	21,141	878	4.3%
Depreciation & Amortisation	(21,440)	(19,431)	2,009	-9.4%
Operating Profit/(Loss)	(1,177)	1,709	2,886	-245.2%
Net Finance Costs	(3,379)	(3,874)	(495)	14.6%
Profit Before Tax	(4,556)	(2,164)	2,392	-52.5%
Taxation Expense	-	(160)	-	-
Profit for the Year	(4,556)	(2,324)	2,232	-49.0%

Revenue returned higher than forecast, largely due to better-than-expected growth in the subscribers' base particularly in relation to mobile. Consequently, direct costs were proportionately higher than originally anticipated. This, coupled with the strict cost controls which yielded higher cost savings and the benefits of scale, led to a higher-than-expected EBITDA figure. Nonetheless, the variations between actual and forecasted figures were not material.

Depreciation and amortisation were lower than expected (€19.4 million against €21.4 million forecast) due to a change in certain depreciation rates which was not embedded in the forecasts and a delay in certain capital expenditure which did not give rise to the corresponding depreciation charges.

The combined effect of the higher-than-expected EBITDA figure and the lower-than-expected depreciation and amortisation charges led the Company to register an operating profit in contrast to the forecasted operating loss.

On the other hand, net finance costs came in higher than that forecast in last year's FAS, as the Company took on more debt than anticipated to support the growth momentum as well as the impact of the interest rate hike which was not fully accounted for in the forecasts.

Overall, the Company register a smaller net loss than expected reflecting all of the above factors.

OUTLOOK FY2024

Looking ahead, the Directors noted that the mature Cypriot telecoms market remains characterised by intense competition and high penetration levels. As such, the growth achieved in subscriber that translated into higher revenue figures and improved operational performance, is hard to sustain going forward. In fact, the Company is only expecting a 1.4% increase in revenue to €75.3 million which again largely reflects continued growth in its mobile segment.

Nonetheless, the Company is planning to focus on improving the sales mix by shifting from lower margin business (such as sales of devices) to higher margin (namely services). As a result, direct costs related to devices are expected to contract although such reduction will be offset by higher RAN costs as per contracted terms with Cyta, leading to an increase of 1.1% in direct costs to €34.8 million. However, the Company is still expecting to register an improvement in contribution (excluding depreciation and amortisation charges) of 1.5% to €40.5 million with the contribution margin expected to improve minimally to 53.8%.

Operating costs are forecast at €17.6 million for FY2024 (down 7% when compared to those of FY2023), reflective of the benefits of economies of scale and the Company's active measures to reduce the cost of electricity.

As a result of the above, EBITDA is anticipated to reach yet another record level of €22.9 million representing an 8.1% increase on the levels achieved in FY2023.

The Company's continued capital investments in its infrastructure and service offering is expected to result in additional depreciation and amortisation charges. Nevertheless, the anticipated improvement in EBITDA is expected to filter through to operating profit which is expected to reach €3.2 million (FY2023: €1.7 million), offsetting the impact of increased D&A charges.

Net finance costs in FY2024 are expected to remain relatively unchanged at €3.9 million, despite the increase in borrowings. This will be possible as the company's 4G and 5G spectrum obligations, including the associated interest and letter of guarantee costs, are decreasing each year thus contributing to a lower finance cost. Moreover, lease-related finance costs are also expected to be marginally lower in FY2024, thus offsetting any possible increases in interest payable from additional borrowings.

Overall, in view of the expected improvement in operational performance, the Company is expected to further narrow its net loss to under €1 million.

9. STATEMENT OF FINANCIAL POSITION

As at 31 December	2021 (A)	2022 (A) <i>Restated</i>	2023 (A)	2024 (F)
	€'000	€'000	€'000	€'000
ASSETS				
Property, Plant & Equipment	41,858	46,262	51,085	52,240
Right-of-Use Assets	4,260	19,721	17,814	17,662
Intangible Assets	22,209	22,945	29,541	28,786
Financial assets at amortised cost	350	207	178	-
Inventories	295	770	504	116
Trade & Other Receivables	14,020	14,227	14,689	13,506
Deferred Tax Assets	714	2,650	3,905	3,905
Bank Deposits & Cash in Hand	4,637	3,663	2,861	2,172
TOTAL ASSETS	88,343	110,445	120,577	118,386
EQUITY & LIABILITIES				
Equity				
Share Capital	5,750	5,750	5,750	5,750
Other Reserves	26,393	26,393	26,393	26,931
Accumulated Losses	(23,782)	(30,175)	(32,498)	(33,787)
Total Equity	8,361	1,969	(355)	(1,105)
Liabilities				
Borrowings	40,437	47,419	51,882	57,329
Lease Liabilities	4,248	14,190	12,225	12,313
Trade & Other Payables	22,516	36,983	39,097	36,863
Football Rights Liability	12,781	7,960	14,389	9,648
Tax Liabilities	-	1,924	3,339	3,339
Total Liabilities	79,982	108,476	120,932	119,492
TOTAL EQUITY & LIABILITIES	88,343	110,445	120,577	118,386

CABLENET'S ASSET BASE

As explained in section 5 of this report, the Company's asset base features the network infrastructure and tangible asset investments carried out to date, representing €51.1 million out of the €120.6 million

of total assets by the end of FY2023. Cablenet’s network infrastructure allows the Company to keep up with technology advances and market competition, but also to reach new territories across Cyprus.

Intangible assets include the acquired football rights which at the end of the FY2023 were valued at €13.4 million, up from €6.9 million in FY2022 due to the three-year extension on two of its five exclusive broadcasting rights agreements. The 4G & 5G spectrum licences also comprise a critical component of the Company’s assets that allow it to offer mobile services using the latest technologies available.

Other Intangible Assets mainly relate to computer software, international capacity which had a combined net book value of €15.4 million as at the end of FY2023.

Within its asset base, Cablenet has a balance of trade receivables of €7.7 million at FY2023, up from €5.1 million as at the end of FY2022. The increase largely relates to device financing receivables (customers buying mobile handsets with the ability to repay over a 24/36-month period).

During FY2023, the total asset base of the Company increased by €10.1 million over the prior year, mainly due to the further investments in property, plant and equipment (including its own network infrastructure) as well as the extension of some of its broadcasting rights agreements as aforementioned.

LIABILITIES

The Company’s liabilities mainly consist of borrowings, trade & other payables as well as lease liabilities and football rights liability.

Borrowings Analysis	FY2021 (A)	FY2022 (A)	FY2023 (A)
	€'000	<i>Restated</i> €'000	€'000
Current Borrowings	2,121	5,544	2,949
Non-Current Borrowings	38,316	41,876	48,933
Total Debt	40,437	47,419	51,882
Cash & Equivalents	4,636	3,663	2,861
Net Debt	35,801	43,757	49,021

During FY2023, the Company’s net debt position increased by €5.3 million from €43.8 million in FY2022 to €49 million in FY2023 reflecting the further financing requirements to support the Company’s growth trajectory. The Company’s majority shareholder, GO plc, demonstrated its commitment to continue supporting the Company’s profitable growth and investment by providing a €6 million loan which was drawn down in various tranches throughout FY2023.

Trade & Other Payables	FY2021 (A)	FY2022 (A) <i>Restated</i>	FY2023 (A)
	€'000	€'000	€'000
Trade Payables	4,837	12,425	13,125
Amounts due to Shareholders	5,037	6,757	11,716
Deferred Subscription Income	5,423	9,704	5,767
Accruals	1,565	2,441	2,499
Refundable Security Deposits on Subscriptions	3,147	3,249	3,384
Other Payables	2,507	2,407	2,607
	22,516	36,983	39,097

During FY2023, one of the main movements within trade and other payables was the substantial increase in amounts due to shareholders related principally to mobile devices which the Company purchased through GO plc and which were yet unpaid for by the end of the financial year. On the other hand, deferred subscription income decreased in line with the renewal cycle of the football content trilateral agreement. Given the agreement's last renewal in mid-2022 for 2 years, the 2022 year-end balance includes an extra year's balance when compared to 2021 and 2023 balances.

EQUITY BASE

The Company's equity base contracted further as the net loss of €2.3 million registered in FY2023 pushed the equity balance to a negative €0.4 million.

Cablenet has negative retained earnings (accumulated losses) which are largely the result of reported losses in the initial years of the Company.

OUTLOOK FY2024

Cablenet's total asset base is expected to contract by 1.8% to €118.4 million, reflecting the amortisation of right of use assets and football rights as well as capital investments of a similar quantum to the anticipated depreciation charge for the year.

On the liabilities side, borrowings are expected to increase by around €5.4 million to €57.3 million reflecting a further loan from majority shareholder GO plc of up to €2.9 million, with the balance being drawn down from an existing facility with banks.

Trade and other payables are expected to sequentially decrease by around €2.2 million reflecting payment of amounts for purchases where the Company had favourable credit terms become due in FY2024. Football rights liabilities are expected to decrease as these are expensed throughout the year.

The Company's equity base will continue to be characterised by accumulated losses, which in FY2024 are expected to increase to €33.8 million (FY2023: €32.5 million) reflecting the anticipated loss for the year. At the end of FY2024, total equity is expected to stand at a negative €1.1 million.

10. STATEMENT OF CASH FLOWS

Year ended 31 December	2021 (A)	2022 (A) <i>Restated</i>	2023 (A)	2024 (F)
	€'000	€'000	€'000	€'000
Net Cash from Operating Activities	13,960	20,606	19,952	22,340
Net Cash Used in Investing Activities	(16,046)	(18,165)	(21,644)	(21,814)
Free Cash Flow	(2,086)	2,442	(1,692)	526
Net Cash Used in / From Financing Activities	(5,775)	(5,950)	3,567	(1,092)
	(7,861)	(3,508)	1,875	(566)
Cash & Cash Equivalents:				
At the Beginning of the Year	8,049	188	(3,320)	(1,445)
At the End of the Year	188	(3,320)	(1,445)	(2,011)

During the past three reporting periods, Cablenet generated a total of €54.5 million in cash from operations. It also maintained a high level of investment in its network infrastructure and other capital projects, in line with its growth strategy, which during the period FY2021 to FY2023 amounted to €55.9 million.

In order to support this growth in business, throughout the years the Company had a mix of borrowings from banks, shareholders and the local bond market. As at the end of FY2023, the net cash from financing activities amounted to €3.6 million and mainly reflects the €6 million loan from GO plc net of payments made in relation to lease liabilities.

OUTLOOK FY2024

The cash flow projections for FY2024 reflect another year of particularly heavy CAPEX investment for Cablenet, as reflected in the net cash used in investing activities amounting to €21.8 million. This investment is expected to be largely supported by ongoing net cash generated from operating activities, that is anticipated to increase by 12% over the current financial period.

The Company is also expected to be a net user of cash from a financing perspective, as the additional loan from GO plc is expected to be offset by interest payments made during the year, servicing of existing loans, and expected reduction in prepayments as well as deposits related to football broadcasting rights.

11. RATIO ANALYSIS

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

Note: where the ratios were non-comparable because of a negative return or a negative result, the ratio has been recorded as 'n/a'.

	FY2021 (A)	FY2022 (A) <i>Restated</i>	FY2023 (A)	FY2024 (F)
Contribution Margin <i>(Gross Profit / Revenue)</i>	59.5%	56.4%	53.7%	53.8%
EBITDA Margin <i>(EBITDA / Revenue)</i>	28.5%	27.3%	28.5%	30.4%
Operating Profit Margin <i>(Operating Profit / Revenue)</i>	n/a	n/a	2.3%	4.2%
Interest Cover Ratio <i>(EBITDA / Net Finance Cost)</i>	5.99x	5.62x	5.46x	5.87x
Net Debt to EBITDA <i>(Net Debt / EBITDA)</i>	2.35x	2.51x	2.32x	2.41x
Gearing Ratio <i>(Total Borrowings / Equity + Borrowings)</i>	79.2%	90.2%	98.5%	101.3%
Gearing Ratio (2) <i>(Net Borrowings / Equity + Net Borrowings)</i>	81.1%	95.7%	100.7%	102.0%
Current Ratio <i>(Current Assets / Current Liabilities)</i>	0.53x	0.35x	0.33x	0.47x
Cash Ratio <i>(Cash & Equivalents / Current Liabilities)</i>	0.20x	0.09x	0.06x	0.05x

Cablenet's contribution margins are reflective of the business model of telecoms, where scale plays a crucial part. Scale aside, different telecom products (i.e. fixed internet vs. fixed voice or TV vs. mobile) have different contribution margins due to the structure of the market, competition or agreements and

underlying economics – as such, a shift in the composition of revenue will impact the Company’s contribution margin. Contribution margins across the years under review have been shifting away from more mature higher margin business to more recent investments that are set to benefit from scale in the years to come starting from FY2024, albeit to a minimal extent.

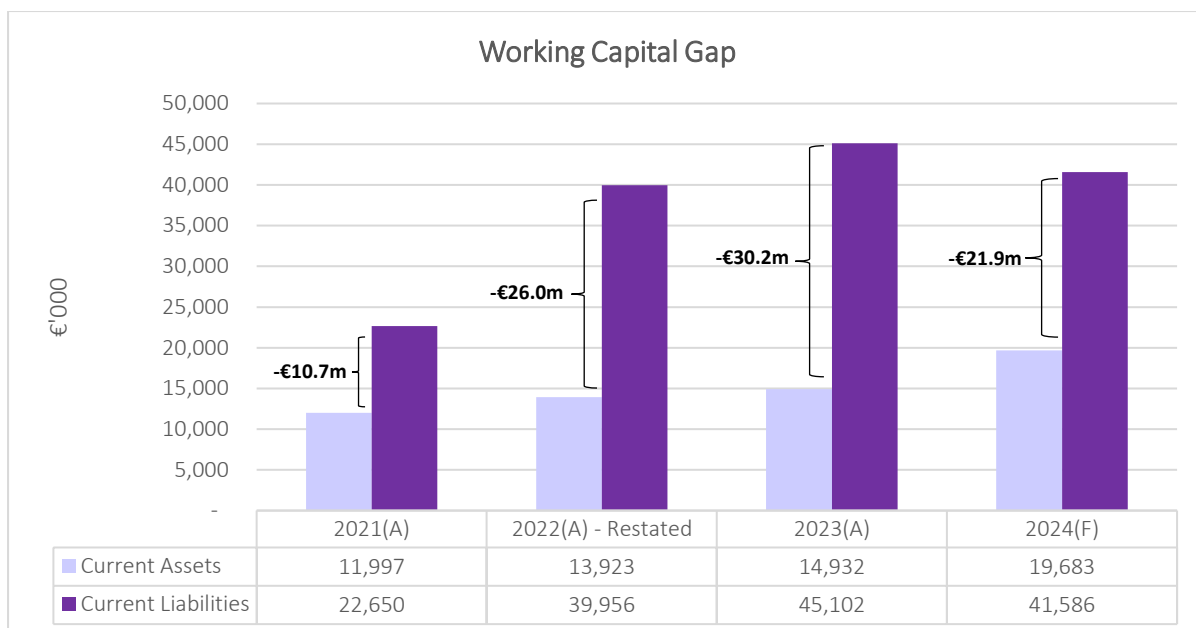
In so far as EBITDA margins are concerned, the reduction in prior years is a direct reflection of the lower gross margins, as operational scale efficiencies are yet to set in. In fact, the Company is anticipating an improvement in the EBITDA margin for FY2024 as it starts to benefit from the aforementioned scale efficiencies whilst maintaining strict cost controls.

As discussed earlier in this report, in view of the high levels of depreciation and amortisation charges, operating profit and net profit margins have been negative. In FY2023, as the Company achieved growth in its business activities, it managed to report an operating profit hence recording a marginal operating profit margin. This is expected to improve in FY2024 and beyond as the Company’s captures further growth in spite of the intense competition and the challenging characteristics of the Cypriot telecoms market.

Meanwhile, although the Company’s net loss narrowed in FY2023 and is expected to narrow further in FY2024, the respective net profit margin still remains negative and thus cannot be computed. In turn this will also mean that the ratios for Return on Equity, Return on Assets and Return on Capital Employed cannot be computed. Therefore, such ratios were excluded from the above table.

On the other hand, given the anticipated higher increase in EBITDA than in interest costs, the interest cover ratio of the Company is expected to improve from 5.5 times in FY2023 to 5.9 times for FY2024, which is considered to be a strong level of coverage.

When looking at the gearing structure of the Company, this has been very high, reaching 98.5% in FY2023. This is expected to deteriorate further to 101.3% in FY2024 reflecting the additional debt financing to be drawn down as well as the further contraction on the Company’s equity base. However, on a Net Debt / EBITDA basis, the Company has an acceptable level of leverage which amounted to 2.3 times in FY2023 and is only expected to marginally increase in FY2024 as the additional borrowings are expected to be proportionate to the expected increase in EBITDA.



Over the years, Cablenet invested heavily in its network expansion which as a result, left the Company in a net working capital deficient financial position, where its current liabilities have been greater than current assets. This notwithstanding, the Company's shareholders supported it over the years through shareholders' loans and unwithdrawn declared dividends.

The negative working capital position is quite common for telecom companies³, as a result of a significant portion of revenue being pre-paid or benefiting from relatively shorter collection times (i.e. ranging from <30 to 60 days) against trade and other payables that are typically longer dated (i.e. ranging from 30 to 90 days). VAT also inflates Cablenet's current liabilities, since, along with revenue, Cablenet also collects Output VAT in amounts that are consistently higher than the Input VAT it pays to its suppliers. The net surplus amount is expected to be settled quarterly, thus creating a routine VAT liability balance on Cablenet's balance sheet.

Overall, the Company deems a negative working capital position as beneficial and consistent with the nature and business norms of its sector from a cash-flow management perspective.

The cash ratio has been historically very low and is expected to remain weak in view of the significant cash requirements of the Company to sustain its investments in line with its growth strategy.

³ <https://www.cfo.com/cash-flow/2012/06/the-positives-of-negative-working-capital>

PART C LISTED SECURITIES

GO plc is the parent company of Cablenet, owning 70.22%. GO plc has its shares listed on the Official List of the Malta Stock Exchange. Details of its listed securities are included hereunder:

Number of shares in issue (as at the date of this FAS): 101,310,488 shares

ISIN: MT0000090101

GO plc 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, which makes the latter a sister company of Cablenet. 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 (as at the date of this FAS): 203,595,310

ISIN: MT0002130103

PART D COMPARATIVES

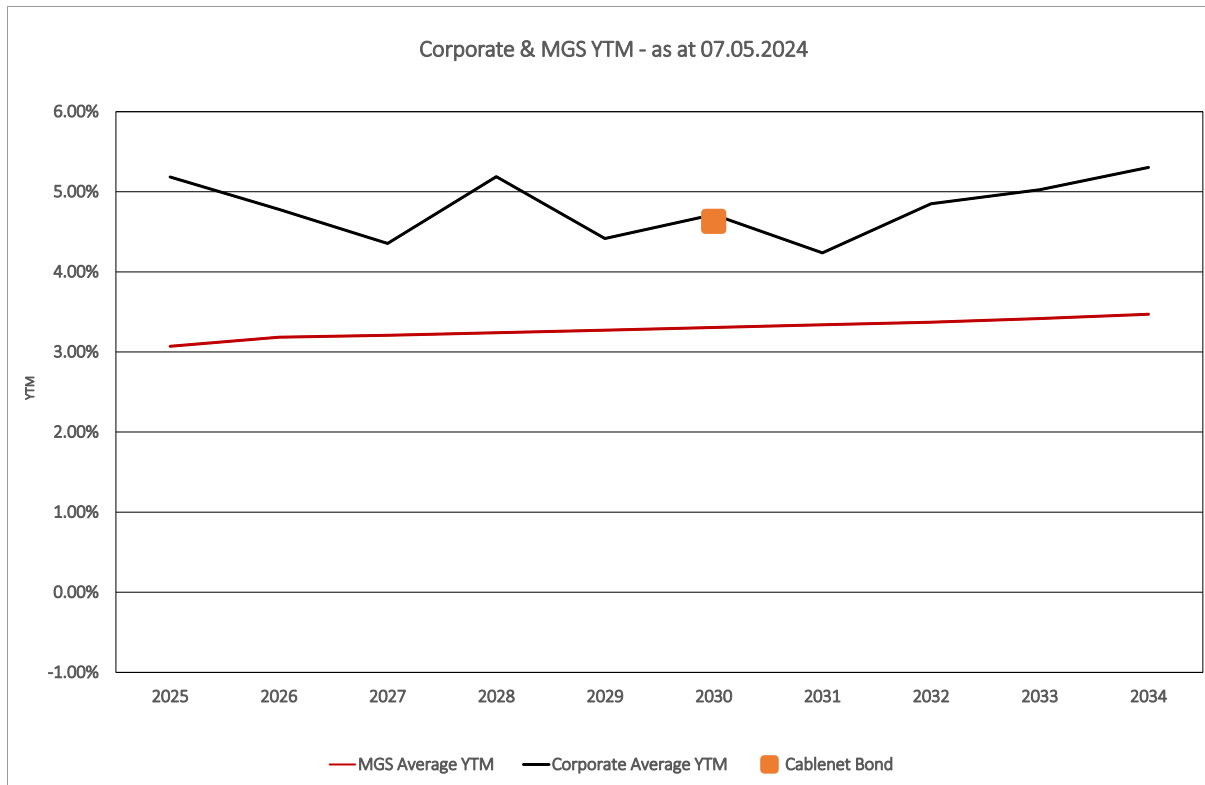
The table below compares the Company's bonds with other local corporate bonds having maturities closest to the Company's bonds. The list excludes issues by financial institutions. The comparative set includes local groups whose assets, strategy and level of operations vary significantly from those of 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 07.05.2024
4.50% Endo Finance plc 2029 (Unsecured)	13,500,000	65.0%	11.6x	1.5x	5.76%
4.00% SP Finance plc 2029 (Secured)	12,000,000	43.7%	6.9x	2.2x	3.89%
3.75% TUM Finance plc 2029 (Secured) (Puttable)	20,000,000	40.9%	9.2x	3.7x	3.75%
3.75% AX Group plc 2029 (Unsecured)	10,000,000	39.4%	20.9x	1.3x	3.75%
4.00% Cablenet Communication Systems plc 2030 (Unsecured)	40,000,000	100.7%	2.3x	5.5x	4.63%

Source: Yield to Maturity from rizzofarrugia.com, based on bond prices of 07 May 2024. Ratio workings and financial information quoted have been based on the respective issuers' unadjusted published financial data (or their guarantors, where and as applicable)

**Gearing - (Net Debt/ Net Debt + Total Equity)*

The following shows the average yield to maturity of listed corporate bonds and MGS covering a nine-year period, and how Cablenet’s bond compares to such average yields. All the yields presented hereunder are as at 07 May 2024.



At a yield-to-maturity of 4.63%, Cablenet’s bonds are priced 8-basis points below the equivalent average corporate bonds YTM for 2030 maturities and at a 133-basis points premium over the average MGS YTM for 2030 maturities.

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 amortization, reflecting the company's earnings purely from operations.
EBIT (or Operating Profit)	Earnings before interest and tax.
Depreciation and Amortization	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.
Net Profit	The profit 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 represent 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

Contribution Margin	Contribution margin is gross profit achieved during the financial year expressed as a percentage of total revenue.
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 after tax 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 after tax by shareholders' equity.

Return on Capital Employed

Return on capital employed (ROCE) indicates the efficiency and profitability of a company's capital investments, estimated by dividing operating profit by capital employed.

Return on Assets

Return on assets (ROA) measures the rate of return on the assets of the company. This is computed by dividing profit after tax by average total 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 EBITDA 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.

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.