



FINANCIAL ANALYSIS SUMMARY

Update 2023

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.

12 May 2023



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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 2020, 2021 and 2022 and forecasts for financial year ending 31 December 2023.

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

ABBREVIATIONS

IoT	Internet of Things
ROU	Right of Use
FTTH	Fibre-To-The-Home
WAN	Wide Area Network
VPN	Virtual Private Network
PABX	Private Automatic Branch Exchange
SMS	Short Message Service
IFRS	International Financial Reporting Standards
ICT	Information & Communication Technology
DSL	Digital Subscriber Line

PART A BUSINESS AND MARKET OVERVIEW UPDATE

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.

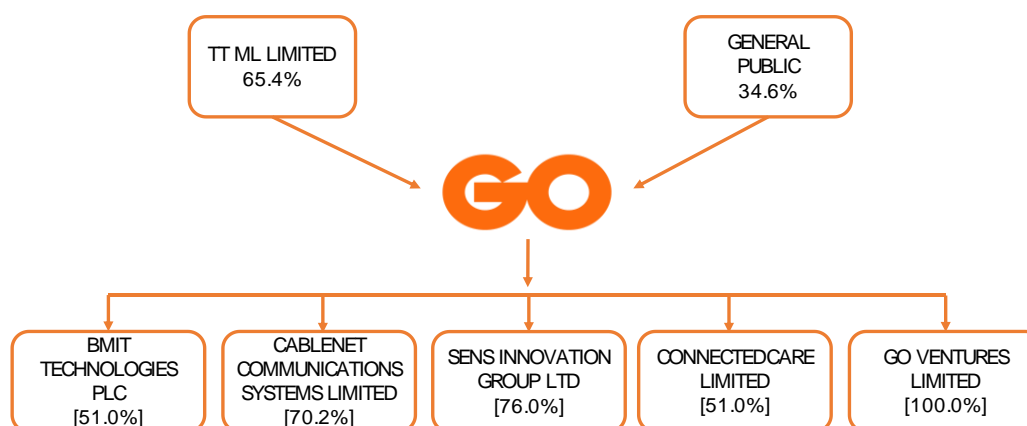
The GO group of companies includes a number of subsidiaries which offer additional services, including data centre services through BMIT Technologies p.l.c. (“BMIT”), in which the Company has a 51% shareholding, and telecommunication activities in Cyprus through a 70.2% shareholding in Cablenet Communication Systems p.l.c. (“Cablenet”). GO also owns a 76% share in Sens Innovation Group Limited (“SENS”), an energy management company that designs and builds customised solutions through a proprietary IOT based technology to reduce energy consumption and associated costs for commercial buildings, a 51% stake in Connectedcare Limited, an independent living facilitator offering electronic and mobile care solutions principally in residential care homes. GO also holds a number of other small interests in other companies indirectly through its fully owned subsidiary GO Ventures Ltd. GO Ventures is an investment vehicle dedicated to exploring and investing in tech start-ups to support the innovation, creativity, determination, and hard work of founders, and helping them develop further their ideas.

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

- delivering a true digital Malta where no one is left behind;
- delivering the best customer experience, products and services and providing value to customers;
- becoming a digital enterprise; and
- minimising environmental impact.

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).



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
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

4. OPERATIONAL DEVELOPMENTS

TRUE FIBRE TECHNOLOGY

The Company is well on track to potentially making Malta the first EU country having nationwide coverage of True Fibre. In 2022 alone, GO provided an additional 50,000 homes (to bring the actual number of connections to 224,000 or 63% coverage) with the opportunity to enjoy the fastest internet connections technology has to offer and it is anticipated that by the end of this year, 75% of the island (close to 270,000 connections) will be covered with a True Fibre network.

5G MOBILE SERVICES

The 5G network rollout ensuring customers get to enjoy super-fast mobile data connections in strategic locations across Malta and Gozo continued during 2022. The mobile network upgrade to 5G will extend into 2023.

INTERNATIONAL CONNECTIVITY

In 2022, GO's €25 million investment in its third submarine cable, LaValette, connected to the brand-new Pakistan & East Africa Connecting Europe (PEACE) submarine system was officially switched on, making Malta and GO the undisputed international telecommunications hub in the centre of the Mediterranean region. LaValette, through PEACE, is the only submarine cable that connects Malta to France offering unparalleled resiliency and first in class, low latency data connections. GO is now the only operator on the Maltese Islands with three submarine cables connecting Malta to Mainland Europe.

GOING GREEN

The Company has continued to work hard to raise consciousness about the importance of making GO green through several internal initiatives, including bespoke training, information sessions and beach clean ups amongst others.

Strategically, a €20 million investment in new headquarters in Zejtun with the objective being for this to be the first net zero building on the island is another initiative. Plans are also underway to electrify the vehicle fleet in the coming years. Furthermore, a recycling exercise intended to extend the lifespan of customers equipment did not only lead to considerable cost savings but more importantly significantly reduced CO₂ emissions by more than 300 tonnes. The Company claims that it is well on track to reduce its carbon footprint by 21% by 2024 and source 25% of its energy needs from renewable sources.

GO is also one of the founding members of Malta ESG Alliance which brings together like-minded companies that collectively work towards action for greater impact in this space.

5. MAJOR ASSETS

The Company's major assets for the financial years ended 31 December 2020 to 2022 comprised:

	FY2020	FY2021	FY2022
	€'000	€'000	€'000
PPE	112,393	111,433	117,357
Investment in Subsidiaries	50,877	51,587	58,426
Right-of-Use Assets	38,929	26,405	37,782
Total Major Assets	202,199	189,425	213,565
Total Assets	260,511	278,205	295,518
NCA / Total Assets	77.6%	68.1%	72.3%

PROPERTY, PLANT & EQUIPMENT (PPE)

PPE remains the Company's largest asset at €117.4 million in FY2022 (FY2021: €111.4 million). The increase reflects 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.

INVESTMENT IN SUBSIDIARIES

As at 31 December 2022, GO had a majority holding in five subsidiaries as reflected below:

1. BMIT Technologies plc (BMIT) – 51% shareholding

BMIT offers data hosting, colocation and internet services, technical assistance, IT solutions and leasing of plant and equipment to its client base. It is a Malta registered company, with its head offices based at SmartCity, Kalkara. BMIT's shares have been listed on the Malta Stock Exchange since February 2019.

2. Cablenet Communication Systems plc (Cablenet) – 70.2% shareholding (2022: 63.4%)

Cablenet is a Cypriot quadruple play telecommunications company, offering a range of telecommunication services to its retail and business clients in Cyprus. In 2022, GO increased its stake in the company to 70.2% from 63.4% in 2021 and 62.2% in 2020.

3. GO Ventures Limited (GO Ventures) – 100% shareholding.

GO Ventures was incorporated in 2019. GO Ventures is an investment vehicle that aims to assist principally tech start-ups with their business plans. It takes on a minority stake in the start-up and provides support in terms of financing, corporate expertise, facilities and networking opportunities through GO's connections. To date, the company invested approximately €1.7 million in 9 diverse and promising tech dominated start-up ventures.

4. Connectedcare Limited (ConnectedCare) – 51% shareholding

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

5. SENS Innovation Group Limited – 76% shareholding

During 2022, GO acquired a majority shareholding in SENS Innovation Group Limited (SENS). SENS is a green tech energy management company that leverages proprietary IoT-based technology to reduce energy consumption and associated costs for commercial buildings. The Company designs and builds customised solutions for clients that improve their business operations and efficiencies whilst also contributing to the environmental responsibilities that modern business governance and legislation demands. SENS serves large hotels and commercial clients in Malta, UK, mainland Europe and Dubai.

RIGHT OF USE ASSETS

As at 31 December 2022, the ROU assets consisted of: i) property leases of €23.9 million (FY2021: €12.8 million) subject to various lease agreements; ii) spectrum licences of €13.8 million (FY2021: €13.0 million); and iii) equipment and motor vehicles leases of €1.3 million (FY2021: €1.5 million).

6. MARKET OVERVIEW

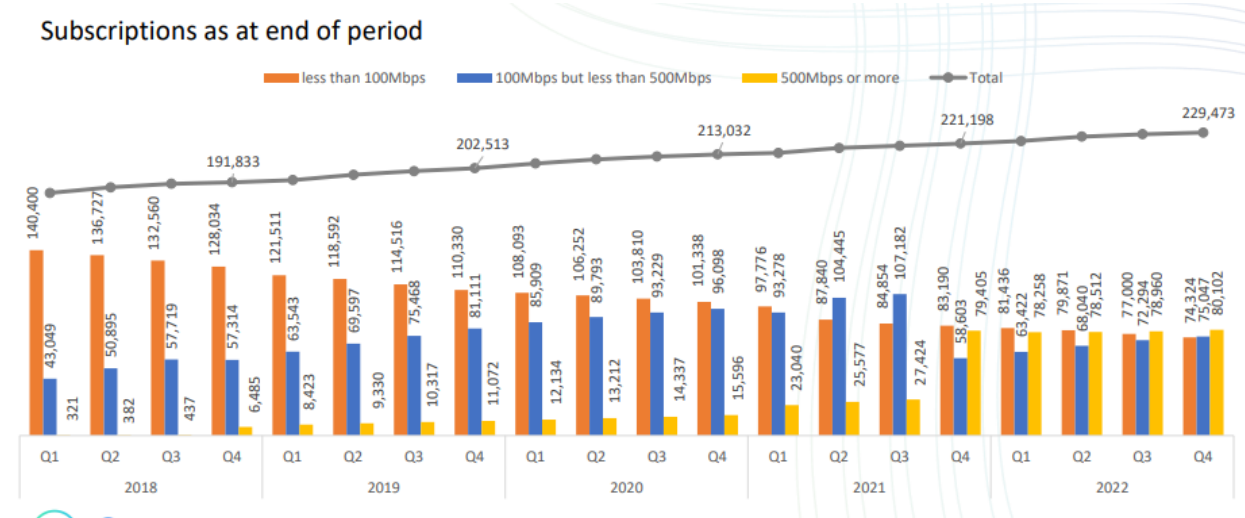
THE TELECOMS INDUSTRY

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

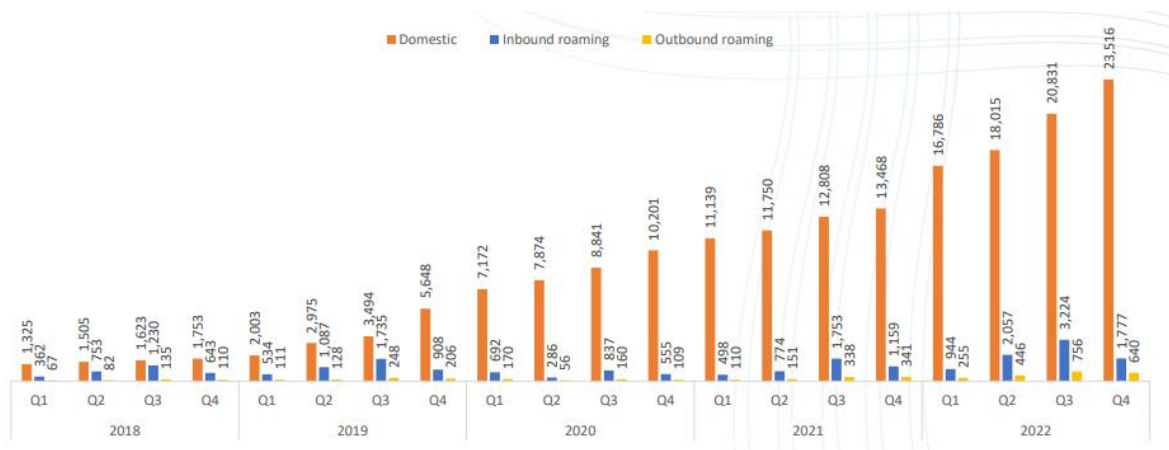
In a study conducted by the Malta Communications Authority (MCA) on the use of fixed broadband¹, the Authority reported that circa 95% of all households in Malta have an active internet connection, with 4 out of every 5 respondents having an ultra-fast connection which supports download speeds of 100Mbps or more. Download speed is of the utmost importance in determining which package clients opt for, with price and download speed ranking thereafter in importance.



Source: MCA; fixed broadband subscriptions (https://www.mca.org.mt/sites/default/files/drs_q1_2018_q4_2022_pres.pdf)

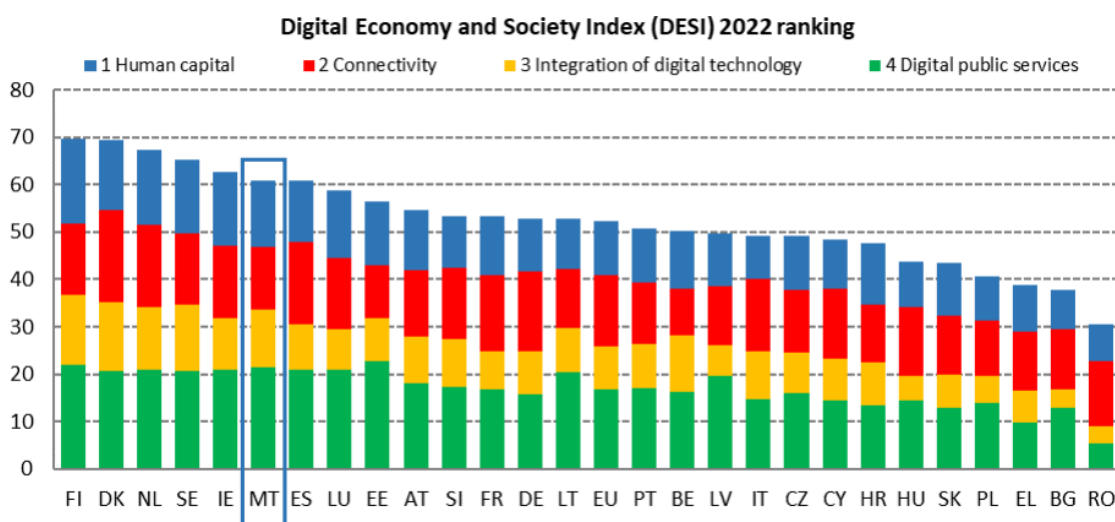
Furthermore, there has also been a notable increase in the use of data accessed via mobile during 2022, as can be seen from the chart below:

¹ <https://www.mca.org.mt/sites/default/files/MCA%20CPS%20-%20FIXED%20BROADBAND%20-%20PRES.pdf>



Source: MCA, mobile telephone – data volumes (in million MBs) - https://www.mca.org.mt/sites/default/files/drs_q1_2018_q4_2022_pres.pdf

In fact, Malta maintained its rank on the EU’s Digital Economy and Society Index (DESI) for 2022² as that of 2021, where it ranked 6th, performing above the EU average across the four main areas of the index, i.e. human capital, connectivity, integration of digital technology, and digital public services.



Source: Digital Economy and Society Index (DESI) 2022 – Malta

The need for connectivity is acknowledged by all operators within the sector. In its rolling update of the 2023-225 strategy document, the MCA recognised the progress of the rollout of FTTH by the local operators.

Demand for Pay TV services continued to increase, and the segment added a further 5,932 new subscriptions in 2022 (2021: 4,970 new subscriptions). The fixed telephony segment remained at the same levels of the previous year.

² Source: DESI Country Profile – Malta - <https://ec.europa.eu/newsroom/dae/redirection/document/88716>

MARKET SHARE

Data quoted below has been sourced from the MCA's key market indicators for electronic communications and post: Q1 2018 to Q4 2022³.

Fixed broadband

As at the end of 2022, GO accounted for 46.9% of all fixed broadband subscriptions. GO is the second largest player within this segment. Within this segment, GO grew by a further 3.8% over the subscriptions in 2021. More notably, with respect to FTTH subscriptions, GO achieved an annual compounded growth rate of 26.7% over the past three years.

Mobile telephony

As at the end of 2021, GO had 37.2% of all mobile telephony subscriptions and remained the Company with the highest number of overall subscribers. Within this segment, GO achieved a year-on-year growth rate of 3.6%.

Pay TV

As at the end of 2022, GO had a 39.1% of the Pay TV market share, as it remained the second largest player within this segment. This implied an improvement in the number of subscriptions by 5.8% over those registered at the end of 2021, which is partially attributable to the product offering of GO of its TOKIS channel.

Fixed telephony

As at the end of 2022, 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 number of subscribers for this service declined by a further 1%.

³ <https://www.mca.org.mt/sites/default/files/DRS%20as%20at%20Q4%202022.xlsx>

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 2022 and an outlook for the current financial year ending 31 December 2023.

In terms of assumptions, during FY2023 GO is expecting to continue to grow albeit at slower rates after the anticipated strong pick up in 2022 on the back of a substantially subdued 2021 that was adversely impacted by the ongoing effects of the pandemic at the time. Cost inflation led by higher fuel and energy prices, labour shortages and global supply chain issues are assumed to impact FY2023 figures. Intensifying competitive pressures are also expected to have an impact on FY2023 results and this competition has been reflected in the forecasts presented below.

8. INCOME STATEMENT

year ended 31 December	Actual 2020 €'000	Actual 2021 €'000	Actual 2022 €'000	Forecast 2023 €'000
Revenue	116,815	117,688	128,813	132,964
Cost of Sales	(69,805)	(68,776)	(75,537)	(78,542)
Gross Profit	47,010	48,912	53,276	54,422
Admin & Other Related Expenses	(31,652)	(31,465)	(31,585)	(33,210)
Other Income	1,223	1,564	2,370	1,055
Other Expenses	(135)	(6)	(358)	(75)
Operating Profit	16,446	19,005	23,703	22,192
EBITDA	45,213	47,883	54,199	52,529
<i>Depreciation & Amortisation</i>	<i>(28,767)</i>	<i>(28,878)</i>	<i>(30,496)</i>	<i>(30,337)</i>
Operating Profit	16,446	19,005	23,703	22,192
Gain on Disposal on Investments	3,102	-	-	-
Dividend Income	3,445	4,668	3,989	3,923
Net Finance Costs	(1,726)	(3,400)	(3,341)	(3,959)
Profit Before Tax	21,267	20,273	24,351	22,156
Taxation Expense	(5,597)	(6,656)	(8,648)	(7,755)
Profit for the Year	15,670	13,617	15,703	14,401

FY2022 OVERVIEW

GO generated almost €129 million in revenue in FY2022. Year-on-year revenue growth was higher than originally expected on account of the stronger than anticipated post pandemic recovery (FY2022 was first full year post pandemic) as well as the Company's increased success in capturing further market share across its principal business lines. Subscriber gains in mobile and fixed line services (broadband), increased spend per customer as well as a strong recovery in inbound roaming revenues all contributed to the successes achieved in FY2022. The year under review also saw a marked increase in bespoke technical solutions for businesses as well as the award of several contracts that included sizeable hardware and equipment elements. Revenue from core telecom services alone amounted to €111.8 million, an increase of €4.6 million (or 4.2%) compared to FY2021. Revenue from sale of goods (hardware, equipment) amounted to €12.1 million, an increase of 74% or €5.1 million over FY2021.

On the costs front, the Company kept a tight control on costs and was very successful in mitigating, to the greatest extent possible, against the significant inflation experienced especially in the second half of the year under review. While direct costs increased as a result of the higher revenues partially driven by devices sales (€3.8 million out of the €6.8 million increase in direct costs is incremental cost of equipment and mobile devices sold), administrative expenses, which amounted to €31.6 million, remained on similar levels to those of FY2021. As a result of all the above, gross margin remained strong and almost unchanged at 41.4%.

Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA') for FY2022 amounted to €54.2 million (FY2021: €47.9 million), and after the deducting depreciation and amortisation charges of €30.5 million (FY2021: €28.9 million), operating profit amounted to €23.7 million, an increase of €4.7 million or 24.7% over the comparative year. The increase in depreciation and amortisation is reflective of the further intense capital investment undertaken during the year.

The Company's finance costs were only partially lower than those of the comparative period at €3.3 million, while dividends received from its subsidiaries totalled €4 million (FY2021: €4.7 million).

Revenue growth and cost discipline enabled significant growth and positive variances in profitability. The Company's pre-tax profit for FY2022 reached €24.3 million (FY2021: €20.3 million), an improvement of 20%.

OUTLOOK FY2023

GO's financial targets for FY2023 envisage further growth in normalised revenue and profitability over FY2022 results. This growth is expected to be achieved even after removing the one-time positive effects of the post-pandemic population growth experienced in FY2022 which brought about a substantial increase in demand for telecommunications services, and a recovery in international wholesale activity driven by a strong recovery in tourism.

Overall subscriber growth is expected to stabilise, and most of the revenue growth is expected to be achieved on higher average revenue per user (ARPU) plans. Traditional fixed line traffic and revenue is expected to continue to drop in line with previous years, while revenue from wholesale services is expected to remain on similar levels of FY2022. Overall telecom services revenues from consumer, business and wholesale activities are expected to grow by 1.4% compared to FY2022.

FY2023 is expected to be another strong year for the provision of bespoke technical solutions which comprises of the provision of hardware and equipment complemented by the provision of maintenance and telecom services. Total revenue forecasted for FY2023 amounts to €133 million, implying an increase of €4.2 million or 3.2% compared to 2022.

Direct costs are expected increase by €3 million or 4% compared to FY2022, the bulk of which relate to the cost of goods purchased for resale (devices). The balance reflects the effect of cost inflation. Gross profit margin is expected to decrease marginally to 40.9% (FY2022: 41.4%) on account of a higher proportion of revenues from mobile device and technical equipment sales which carry lower profit margins, and higher network maintenance costs.

Administrative and other related expenses are forecasted to increase by €1.6 million or 5.1% compared to FY2022 principally due to payroll and subcontracting costs as well as slight increases in sales, marketing and distribution costs and licensing fees. GO will continue to implement its long-term cost reduction strategy through further investment in digitalisation and FTTH rollout which will bring further operational efficiencies and reduction in headcount. Switching off copper will also further result in further cost savings on electricity and fixed access network costs.

EBITDA is projected to reach €52.5 million, a €1.7 million drop compared to the level achieved in FY2022. Operating profit is also expected to drop by a similar amount to reach €22.2 million as depreciation and amortisation costs are expected to remain largely unchanged.

While dividend income from subsidiaries is expected to remain at the same level as those of FY2022, at just under €4 million, net finance costs are forecasted to increase by €0.6 million to €4 on account of higher borrowing costs due to the significant increase in interest rates that impacted the EURIBOR rate and in view of the anticipated slight increase in net bank borrowings (at variable rates) of €7 million. The Company's forecasted profit for FY2023 is 8.3% lower than that in previous year at €14.4 million.

9. STATEMENT OF FINANCIAL POSITION

as at 31 December	Actual 2020 €'000	Actual 2021 €'000	Actual 2022 €'000	Forecast 2023 €'000
ASSETS				
Non-Current Assets				
Property, Plant & Equipment	112,393	111,433	117,357	127,657
Right-of-Use Assets	38,929	26,405	37,782	33,238
Intangible Assets	5,531	13,503	18,341	18,378
Investment in Subsidiaries	50,877	51,587	58,426	59,676
Loans Receivable from Subsidiaries	-	-	4,000	7,500
Trade & Other Receivables	5,946	6,567	5,955	6,506
	213,676	209,495	241,861	252,955
Current Assets				
Inventories	5,871	7,957	8,531	8,031
Trade & Other Receivables	25,835	30,151	39,011	33,786
Current Tax Assets	516	1,102	-	-
Cash & Cash Equivalents	14,613	29,500	6,115	4,659
	46,835	68,710	53,657	46,476
TOTAL ASSETS	260,511	278,205	295,518	299,432
EQUITY & LIABILITIES				
Equity				
Share Capital	58,998	58,998	58,998	58,998
Other Reserves	4,043	4,065	4,187	4,187
Retained Earnings	57,169	47,484	47,991	48,105
Total Equity	120,210	110,547	111,176	111,290
Liabilities				
Non-Current Liabilities				
Lease Liabilities	34,983	23,199	33,778	31,741
Borrowings	48,640	78,816	70,317	80,938
Deferred Tax Liabilities	2,796	3,936	4,365	4,365
Provisions for Pensions	1,862	1,524	1,337	1,137
Trade and Other Payables	602	521	609	479
	88,883	107,996	110,406	118,660
Current Liabilities				
Borrowings	9,790	5,541	8,365	4,625
Lease Liabilities	4,946	4,222	5,280	5,280
Provisions for Pensions	3,308	2,925	2,843	4,410
Current Tax Liabilities	-	-	4,410	7,755
Trade & Other Payables	33,374	46,974	53,038	47,412
Total Liabilities	51,418	59,662	73,936	69,481
TOTAL EQUITY & LIABILITIES	260,511	278,205	295,518	299,432

FY2022 OVERVIEW

GO's asset base stood at €295.5 million by the end of FY2022 (FY2021: €278.2 million). The Company's assets are comprised primarily of investment in PPE, investments in subsidiaries⁴ and the ROU assets (these are further explained in section 5 of this report). In FY2022, cash balances dropped from €29.5 million to €6.1 million as unutilised bond proceeds outstanding as at the end of 2021, together with cash generation during the year, was used to accelerate the capital investment program as well as to settle the Company's obligations that were due throughout the year. This included the partial reduction of bank borrowings. Intangible assets consist of computer software and broadcasting rights. These increased further in FY2022 to €18.3 million from €13.5 million in the prior year, due to further development of the said software and the net effect of new and expired broadcasting rights and net of amortisation charges.

Trade and other receivables, both current and non-current, increased to €45 million (FY2021: €36.7 million). These mainly consist of contract assets (and related capitalised costs) and prepayments. The receivables related to contract assets reflect dues in respect of client contracts where the Company has a right to collect money for a service delivered over a period of time for the term of the contract⁵ while prepayments relate to the advance payments made in relation to maintenance service contracts, for technical equipment and in relation to operating licences. Trade receivables are typically short term (due to be received in less than one year) with a balance of €39 million of the €45 million expected to be received in less than a year. Most of the balance is then owed by subsidiaries and relate to the services that GO offers in the ordinary course of its business.

In terms of liabilities, the largest increase in FY2022 compared to FY2021 was registered in lease liabilities, reflecting the Zejtun property that was handed over during the year which GO will lease out for a period of 17 years. Following the successful issue of a €60 million bond in 2021 which led to an overall increase in total borrowings by €25.9 million to €84.4 million, during FY2022 the level of total borrowings reduced by *circa* €5.6 million, but understandably remains the single largest component of total liabilities amounting to €190 million compared to €168 million in FY2021.

Total equity as at the end of FY2022 increased very marginally over the level of FY2021 on account of unchanged retained earnings following the payment of dividends which is largely equivalent to the after-tax profit for the year under review.

⁴ The Company's investment in subsidiaries is reported in GO's stand-alone accounts at cost basis. This is further explained in the Notes to the Financial Statements (Note 8 of FY2022 annual report, page 133).

⁵ This right and timing differences of recognising the said revenue as a receivable emanate from IFRS 15 – Contracts.

OUTLOOK FY2023

During FY2023, GO will continue investing in key strategic capital assets which will ensure that the Company's solid foundations are maintained. The continued investment in the FTTH rollout, upgrading of mobile network to 5G, digitisation and automation, and eco-friendly/sustainable investments will ensure that the company's operations remain relevant for the long term. These investments will continue to be funded principally through cash generated from the operations of the Company which remains very healthy.

Borrowings, net of cash are projected, at €80.9 million at the end of 2023, an increase of €7.4 million compared to FY2022. The increase in borrowings represents incremental bank borrowings required to sustain the projected capital investments, debt servicing requirements as well as lease obligations.

The value of total assets by the end of FY2023 is expected to increase to €299.4 million while equity is projected to remain on similar levels of FY2022 at €111.3 million.

10. STATEMENT OF CASH FLOWS

year ended 31 December	Actual 2020 €'000	Actual 2021 €'000	Actual 2022 €'000	Forecast 2023 €'000
Net Cash from Operating Activities	39,668	46,220	42,539	43,074
Net Cash used in Investing Activities	(24,825)	(28,072)	(37,350)	(31,150)
Free Cash Flow	14,843	18,148	5,189	11,914
Net Cash used in Financing Activities	(7,733)	(3,501)	(30,601)	(10,398)
Net Movements in cash	7,110	14,647	(25,412)	1,526
Cash & Cash Equivalents:				
At the Beginning of the Year	6,867	14,117	28,655	3,133
Exchange Differences	(17)	16	(191)	-
Movement in Cash pledged as guarantees	157	(125)	82	-
At the End of the Year	14,117	28,655	3,133	4,659

FY2022 OVERVIEW

In FY2022, GO generated €42.5 million in net cash from operations. An acceleration of capital investment in its network infrastructure principally related to the continued deployment of FTTH, saw the use of cash for investing activities ramp up to €37.4 million in the year under review. Despite this increased capital investment, free cash flow generated at Company level stood in excess of €5 million. During the year under review, the Company did not resort to fresh borrowings to finance activities (net bank borrowing actually reduced by €8 million) and indeed all obligations as well as dividend payments during the year were financed by the Company's excess cash, resulting in an overall year-end positive cash position of €3 million (FY2021: €28 million which included the effect of the unutilised cash from the bond issue by the end of the year).

OUTLOOK FY2023

In FY2023, GO is forecasting to generate just over €43 million in net cash from operations, marginally higher than the level achieved in FY2022. As the pace of investment remains elevated (net cash used in investing activities is projected at €31.2 million representing capital expenditure to support existing operations as well as strategic investments such as further FTTH rollout and 5G mobile network which are essential to future-proof the business) but eases from the record level in FY2022, free cash flow is expected to improve handsomely to just under €12 million compared to €5 million in FY2022. GO expects to end FY2023 with a positive cash position of €4.7 million naturally after financing its debt obligations which in FY2023 are expected to amount to €10.4 million. The reduced amount of cash used in financing activities in FY2023 is the result of the expectation that additional net bank borrowings will be availed of to the tune of approximately €7 million.

11. RATIO ANALYSIS

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

	Actual FY2020	Actual FY2021	Actual FY2022	Forecast FY2023
Gross Profit Margin <i>(Gross Profit / Revenue)</i>	40.2%	41.6%	41.4%	40.9%
Operating Profit Margin <i>(Operating Profit / Revenue)</i>	14.1%	16.1%	18.4%	16.7%
Net Profit Margin <i>(Profit for the Year/ Revenue)</i>	13.4%	11.6%	12.2%	10.8%
EBITDA Margin <i>(EBITDA / Revenue)</i>	38.7%	40.7%	42.1%	39.5%
Gearing Ratio (inc. lease liabilities) <i>(Total Borrowings + Leases / Equity + Borrowings + Leases)</i>	45.0%	50.3%	51.4%	52.4%
Gearing Ratio 2 (inc. lease liabilities) <i>Net Debt inc. leases/ Net Debt inc. leases + equity)</i>	41.1%	42.7%	50.1%	51.4%
Return on Assets <i>(Profit for the Year / Average Assets)</i>	6.1%	5.1%	5.5%	4.8%
Return on Equity <i>(Profit for the Year / Average Equity)</i>	13.3%	11.8%	14.2%	12.9%
Net Debt / EBITDA <i>(Net Debt inc. leases / EBITDA)</i>	1.85x	1.72x	2.06x	2.24x
Current Ratio <i>(Current Assets / Current Liabilities)</i>	0.91x	1.15x	0.73x	0.67x
Cash Ratio <i>(Cash & Equivalents / Current Liabilities)</i>	0.28x	0.49x	0.08x	0.07x
Interest Cover Ratio <i>(Operating Profit / Net Finance Cost)</i>	9.53x	5.59x	7.09x	5.61x

Profitability ratios generally improved in FY2022 compared to the already solid figures registered in FY2021. For FY2023, 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 2022, is expected to ease in 2023.

The variable rate bank borrowings which are forecasted to increase by *circa* €7 million during FY2023 at higher EURIBOR rates, have driven the Company's gearing ratio up, and will continue to do so also in FY2023, albeit marginally. This notwithstanding, gearing levels remain highly manageable and one ought to bear in mind once again that the vast majority of the Company's debt is priced at a fixed cost (rate of interest) in the form of a bond that matures in 2031.

On a strong EBITDA level and margins and manageable debt levels, the Company's net debt/EBITDA multiple remains exceptionally strong and comforting at 2.1 times, although a slight increase is expected in FY2023 to just over 2.2 times. Similarly, interest cover was and is expected to remain very strong confirming the Company's ability to easily support finance costs (interest payments on borrowings).

12. VARIANCE ANALYSIS

	<i>Actual</i> 2022 €'000	<i>Forecast</i> 2022 €'000	<i>Variance</i>
<i>for the year ended 31 December</i>			
Revenue	128,813	123,512	4.1%
Cost of Sales	(75,537)	(74,852)	0.9%
Gross Profit	53,276	48,660	8.7%
Admin & Other Related Expenses	(31,585)	(31,947)	-1.1%
Other Income	2,370	1,475	37.8%
Other Expenses	(358)	-	-
Operating Profit	23,703	18,188	23.3%
EBITDA	54,199	48,277	10.9%
<i>Depreciation & Amortisation</i>	<i>(30,496)</i>	<i>(30,089)</i>	<i>1.3%</i>
Operating Profit	23,703	18,188	23.3%
Dividend Income	3,989	3,989	-
Net Finance Costs	(3,341)	(3,409)	-2.0%
Profit Before Tax	24,351	18,768	23.0%
Taxation Expense	(8,648)	(6,569)	24.0%
Profit for the Year	15,703	12,199	22.0%

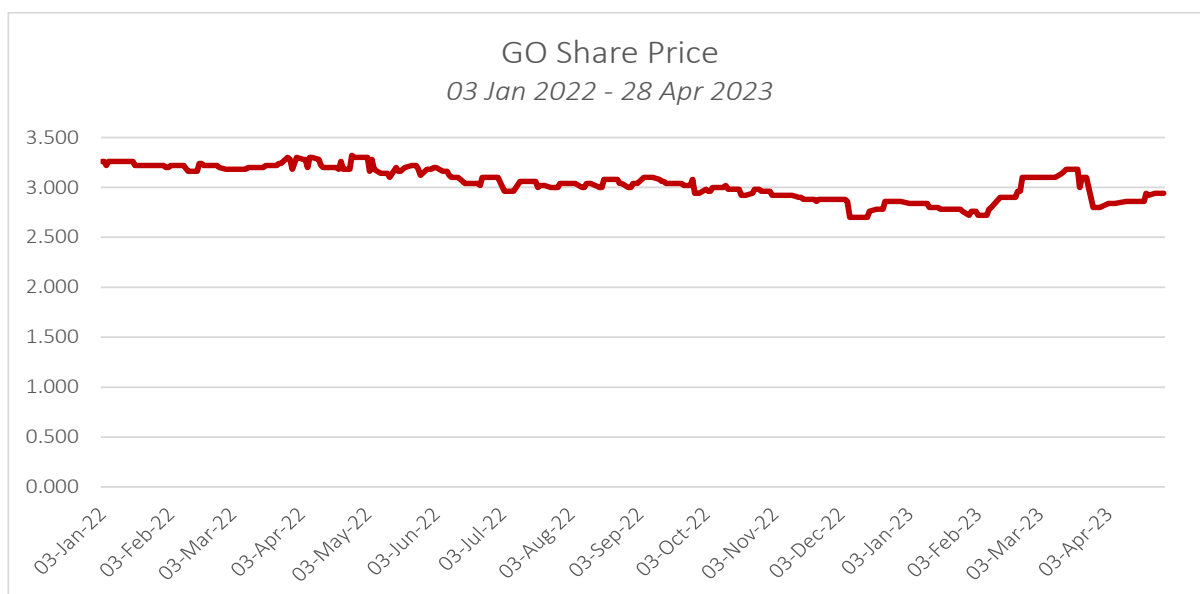
The actual revenue generated by GO during FY2022 was an improvement over that forecasted in the 2022 FAS dated 26 May 2022. This positive variance of €5.3 million is mainly attributable to incremental revenue from fixed and mobile services to consumers and businesses, an increase in revenues from international roaming and other wholesale services, and incremental non-recurring hardware and device sales. An improvement in overall market share across all business segments was registered in a favourable but equally challenging environment as the post pandemic recovery was intertwined with geopolitical events that led to a sharp increase in energy prices that caused elevated levels of inflation, supply chain disruptions and a resultant wave of material instability. In this context, the record revenue achieved is particularly noteworthy.

Despite the inflationary pressures referred to above, the Company managed to contain overall expenses encouragingly, while cost of sales only increased marginally compared to forecasts. The result is a strongly improved gross profit position. The positive performance of the Company was further boosted by an increase in 'Other income' of €806,000 one-time fee income generated from ad hoc technical and management services to other group companies, net of an increase in 'Other expenses' of around €352,000. This performance translated into a very encouraging improvement in operating profit of 23.3%. This positive variance followed through to the bottom line as profit for the year at Company level reached €15.7 million compared to a forecast of €12.2 million.

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 2022:	€3.320
Lowest price in 2022:	€2.700
2022 Closing Price:	€2.860
Current price:	€2.94 (as at 28 April 2023)



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:

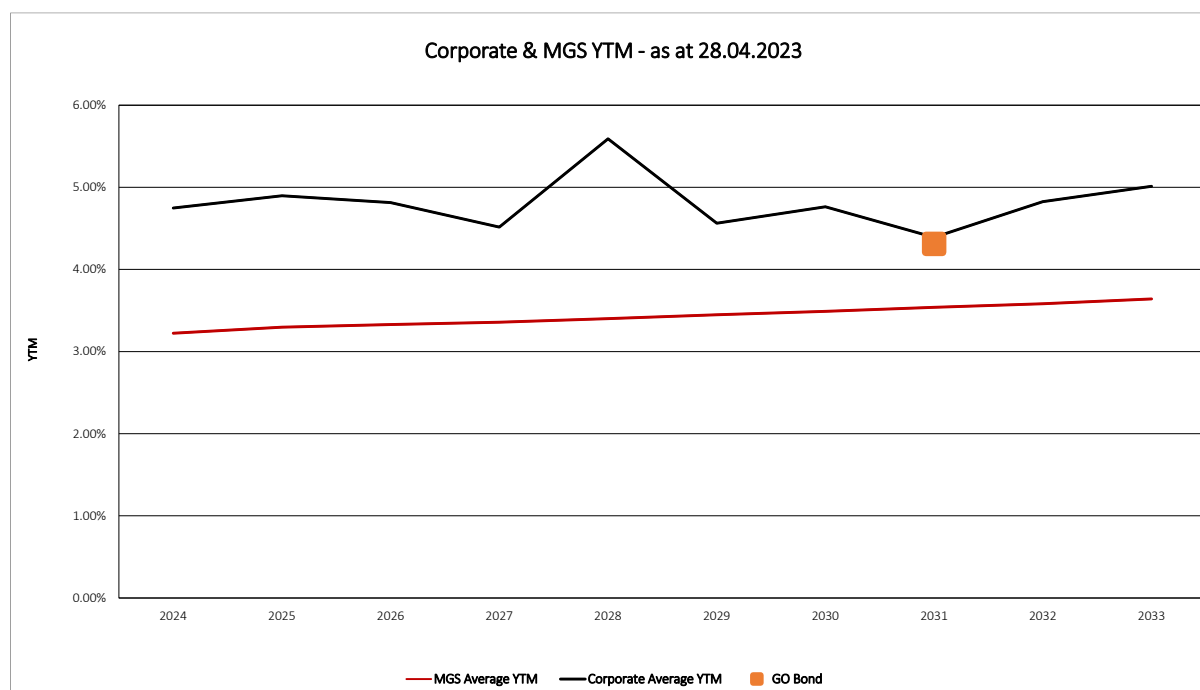
Bond Details	Amounts Outstanding (€)	Gearing*	Net Debt to EBITDA	Interest Cover**	YTM as at 28.04.2023
4.00% Cablenet Communication Systems plc Unsecured 2030	40,000,000	93.3%	2.50x	5.64x	4.66%
4.25% Mercury Projects Finance plc Secured 2031#	11,000,000	71.8%	15.08x	2.63x	4.37%
4.65% SmartCare Finance plc Secured 2031	13,000,000	98.0%	85.50x	0.31x	4.45%
3.5% GO plc Unsecured 2031	60,000,000	39.5%	1.34x	16.2x	4.31%

Source: Yield to Maturity from rizzofarrugia.com, based on bond closing prices of 28 April 2023. Ratios and financial information quoted have been based on the respective issuers' unadjusted published financial data (#or their guarantors, as is the case for Mercury Projects).

*Gearing: $(\text{Net Debt} / \text{Net Debt} + \text{Total Equity})^6$

**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 2033, 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 28 April 2023.



At a YTM of 4.31%, GO's bond issue is priced 8 basis points below the estimated average corporate YTM for 2031 maturities and at 77 basis points premium over the average MGS YTM for 2031 maturities.

⁶ 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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