

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

10 May 2021

Dear Sirs,

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

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

The purpose of the Analysis 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 2018 to 2020 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 2021 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 Analysis.
- (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 Analysis is provided to assist potential investors by summarising the more important financial data of the Issuer. The Analysis does not contain all data that is relevant to potential investors and is intended to complement, and not replace, the contents of the full prospectus. The Analysis 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 Analysis and no representation or warranty is provided in respect of the reliability of the information contained in the Prospectus. As with all investments, potential investors are encouraged to seek professional advice before investing.

Yours sincerely,



Vincent E Rizzo
Director

FINANCIAL ANALYSIS SUMMARY

UPDATE 2021



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

10 May 2021



TABLE OF CONTENTS

IMPORTANT INFORMATION

LIST OF ABBREVIATIONS

PART A BUSINESS & MARKET OVERVIEW UPDATE

PART B FINANCIAL ANALYSIS

PART C LISTED SECURITIES

PART D COMPARATIVES

PART E GLOSSARY

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 Listing Authority dated 5 March 2013, bond issues targeting the retail market with a minimum subscription level of less than €50,000 must include a Financial Analysis Summary (the “**FAS**”) which is to be updated on an annual basis.

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 2018, 2019 and 2020, and forecasts for financial year ending 31 December 2021.

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.

ABBREVIATIONS

DOCSIS	Data over cable service interface specifications
FTTH	Fibre-To-The-Home
ICT	Information & Communication Technology
IFRS	International Financial Reporting Standards
IoT	Internet of Things
MNO	Mobile Network Operator
NGA	Next Generation Access
OCECPR	Office of Electronic Communications & Postal Regulations
PABX	Private Automatic Branch Exchange
RAN	Radio Access Network
SMS	Short Message Service
VPN	Virtual Private Network
WAN	Wide Area Network

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 and mobile telephony services, to its retail base (approximately 77,000 fixed and 22,000 mobile subscribers) and its corporate clients (approximately 3,400 customers; figures as of the end of 2020); business services can be tailored to meet the demands and requirements of any type of client, whether small, medium or large business clients.



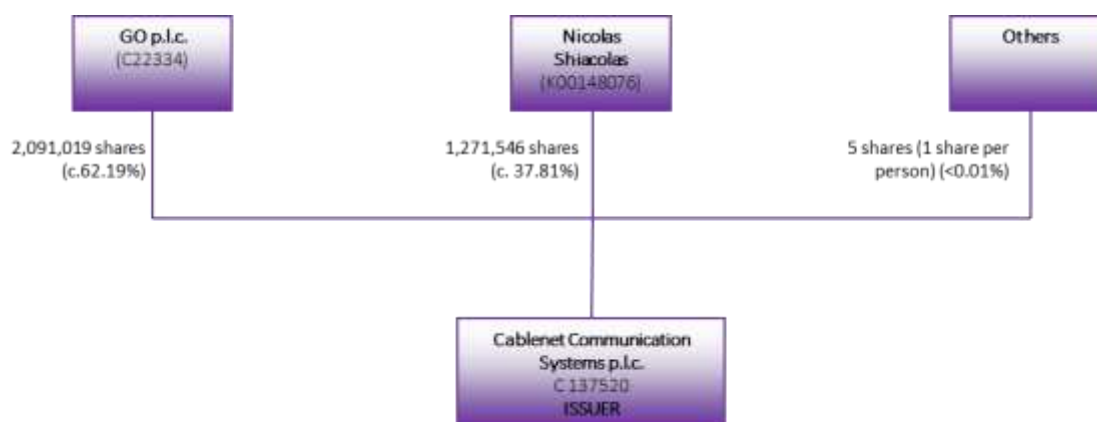
Source: Management Information

In 2017, the Company formulated a business plan to secure exclusive rights for Cypriot football matches for five major teams. In 2018 it concluded an agreement with Primetel, which also has similar rights, to offer the total content of both companies to sports fans. Since July 2019, the Company has been offering the aggregate channels of Cablenet and Primetel, which it packages as add-ons to existing TV packages; it also shares in the revenue from live streaming and public viewing rights of these channels. In 2020, this bilateral sports content agreement was extended to include CYTA, thus bringing all the local football rights under the joint (trilateral) 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 and substantially increase the number of sports subscriptions, as these nearly doubled when compared to 2019.

The Company’s plans include the continued expansion of its fixed network to be in a position to service other areas of Cyprus. Starting with the acquisition of 4G spectrum of frequencies (in 2019) and 5G (in 2020), the Company is also on a path of upgrading its mobile service capabilities from those of a MVNO to those of an MNO. To reach the conclusion of that path, Cablenet entered into a memorandum of understanding with Cyprus Telecommunications Authority (‘CYTA’ - the incumbent service provider in the telecoms industry in Cyprus) to use CYTA’s infrastructure and network (under a RAN Sharing agreement) to offer mobile services to Cablenet’s current and future clients. This RAN sharing agreement is expected to come into effect in Q2 2021 and enable Cablenet to utilise CYTA’s market-leading, in terms of reach and quality, mobile network at a pre-determined fixed cost that is economically attractive when compared to the alternative of Cablenet building and operating its own mobile infrastructure.

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:

Nicolas Shiocolas	Non- Executive Chairman
Nikhil Patil	Non-Executive Director
Iosif Iosifakis	Executive Director
Yiannos F. Michaelides	Executive Director
Samir Saied	Non-Executive Director
Faker Hnid	Non-Executive Director
Paul Testaferrata Moroni Viani	Non-Executive Director
Neoclis Nicolaou	Non-Executive, Independent Director
Michael Warrington	Non-Executive, Independent Director

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
Iosif Iosifakis	Deputy CEO
Ioannis Mavridis	Chief Financial Officer
Pambos Moyseos	Head of Consumer (Clients)
Thomas Hoplaros	Head of Corporate (Clients)
Panagiotis Kouloumprides	Head of Core Network
Michael Pericleous	Head of Access Network
Chrystalla Karagiorgi	Head of Human Resources
Yiannos Michaelides	Head of Information Systems

4. MATERIAL OPERATIONAL DEVELOPMENTS

COVID-19 PANDEMIC

Although it is not possible for the Company to assess with any certainty the full implications of COVID-19 either in terms of how long the current crisis may continue or in terms of its impact on its business, potential or actual, management has concluded that the demand for the Company's services from customers has not been materially impacted in FY2020.

Cyprus has suffered a number of lockdowns and COVID-induced disruptions of economic activity and is currently in one until mid-May. A number of vaccines have been approved by the relevant EU authorities and a large-scale vaccination program has already started in all EU countries, including Cyprus, with the aim to vaccinate a significant percentage of the island's population by summer 2021. Going forward, the expectation is that the economic conditions in Cyprus will continue to improve but, although unlikely, the Company cannot entirely exclude further major adverse effects from the pandemic that could significantly affect its financial results and forward-looking statements in a negative way.

The Company did not face any material supply chain issues with respect to its procurement of services and assets and its major projects have broadly progressed as planned. Where projects were delayed, these delays were either at the Company's own discretion in the face of COVID-19 uncertainty or short-term in nature, largely as a result of everyone's adjustment to the new remote or on-premise working conditions.

MOBILE – 5G SPECTRUM LICENCES

In an auction held in December 2020, Cablenet successfully secured its own 5G spectrum of frequencies, which will complement the Company's existing 4G spectrum. The acquisition of its own mobile spectrum represents an investment in wireless bandwidth, available solely to the Company's mobile services customers and given the currently low (compared to the available bandwidth) number of mobile subscribers, it is expected that Cablenet will be able to provide its customers wireless data speeds and experience at least at par with, if not superior to, those of the competition.

MOBILE – AGREEMENT WITH CYTA

In February 2020, Cablenet entered into a memorandum of understanding (MoU) with CYTA with the intent of concluding an agreement to allow Cablenet shared access on CYTA's mobile network for 2G/3G/4G services. This agreement is expected to be concluded in Q2 2021 and will enable Cablenet to utilise CYTA's mobile network at a pre-determined fixed cost which, in turn, will allow Cablenet to benefit from an increase in scale in its mobile services business, which grew significantly in FY2020.

INTERNATIONAL CAPACITY – AGREEMENT WITH CYTA

Cablenet requires international broadband capacity to physically link its Cyprus-based network with the rest of the world, in order to provide Internet connectivity. In February 2020, Cablenet entered into an agreement with CYTA to purchase a 5% Right of Use (“ROU”) on the capacity of a new planned international cable to be landed in Cyprus by CYTA, called Arsinoe (a sub-part of the PEACE cable system linking Europe and Asia). The agreement includes the option to utilise another existing CYTA cable, Alexandros (a sub-part of the TEN cable system linking Europe and Egypt) to provide redundant capacity. The estimated capacity that will be available to Cablenet as a result of this agreement is 800 Gbps and this will cover the requirements of the Company for international capacity for several years. The value of the contract is €8.3 million.

FOOTBALL CONTENT - INTER-OPERATOR AGREEMENTS

In the summer 2020, Cablenet concluded a series of agreements with the two other telecom operators holding local and international football rights for Cyprus (CYTA and Primetel) – previously, this co-operation was bilateral only (Cablenet and Primetel) and did not involve CYTA. The agreements allowed for parity, when it came to content, among each operator’s sports packages and thus enabled Cablenet to distinguish itself and benefit on the basis of its high broadband speed and value propositions. These inter-operator agreements remain in effect for the current year and have been extended beyond 2021.

FOOTBALL CONTENT – TEAM RIGHTS

During 2021, Cablenet expects to extend the football team rights held by it under various direct agreements with Cypriot teams to beyond May 2022. The 2021 financial guidance contained herein reflects the best estimates of management as to the accounting effect of such extension.

NETWORK INFRASTRUCTURE

The Company continued, in FY2020, and expects to continue, in FY2021, the expansion of its FTTH network infrastructure into new areas of Cyprus in order to meet demand from both homes and businesses. The Company also continued the densification and closing of coverage gaps in its DOCSIS network. The aggregate coverage of Cablenet’s DOCSIS and FTTH technology networks is expected to reach about 193,000 homes or circa 64% of the Cypriot market compared to circa 60% at the end of 2020.

5. MAJOR ASSETS

The Company operates in the telecommunications industry. As a result, Property, Plant & Equipment (PPE) includes €32.8 million of network infrastructure, €4.2 million of furniture, fixtures, equipment and computer hardware and €1.6 million of leasehold buildings and improvements. The intangible assets include football rights and international capacity rights. With regards to the ROU Assets, these 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, also used for the purposes of the provision of services. The ROU assets were recognised first in FY2019 as a result of the applicability of IFRS16 related to leases.

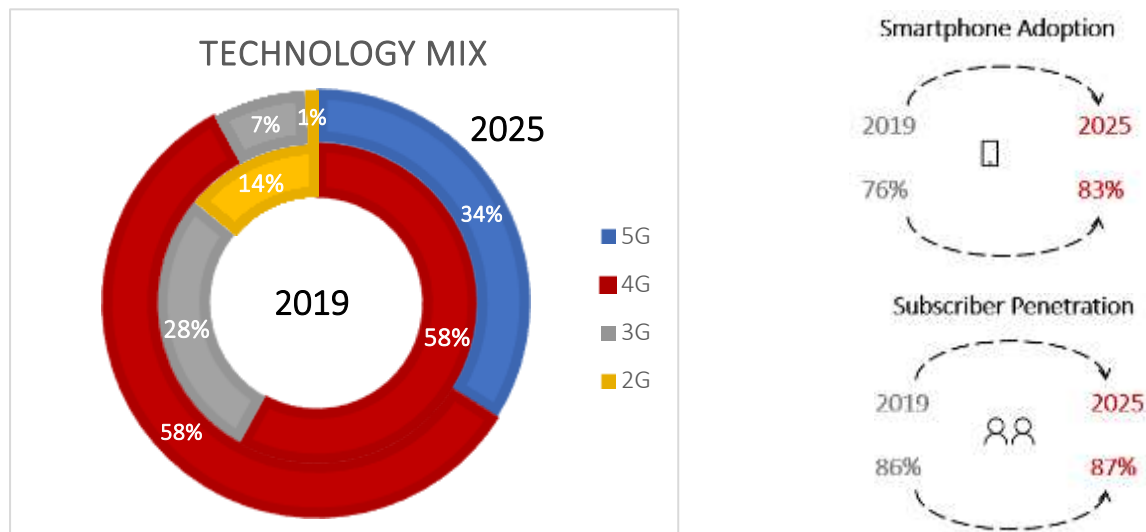
	FY2018	FY2019	FY2020
	<i>€'000</i>	<i>€'000</i>	<i>€'000</i>
PPE	30,493	35,720	39,109
Intangible Assets	12,937	25,906	20,805
Right-of-Use Assets	-	3,600	3,460
Major Non-Current Assets (MNCA)	43,430	65,226	63,374
Total Assets	48,922	72,391	91,752
<i>MNCA / Total Assets</i>	<i>88.8%</i>	<i>90.1%</i>	<i>69.1%</i>

There was a decline in major non-current assets, as a percentage of the total assets of the Company by the end of FY2020, as Cablenet's cash balances and trade and other receivables increased substantially during the year.

6. MARKET OVERVIEW

THE TELECOMS INDUSTRY IN EUROPE

The following is an infographic overview of the current state of play in the telecoms industry now and expectations of how it is likely to evolve over the coming five years. This information has been sourced from GSMA Intelligence, an organisation that represents the interest of mobile operators worldwide, uniting nearly 800 operators with more than 300 companies in the broader mobile ecosystem, including handset and device makers, software companies, equipment providers and internet companies, as well as organisations in adjacent industry sectors¹.



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 a number of companies to assist in their strategic decision-making processes. This digital evolution requires communication and data.

THE CYPRIOT TELECOMS INDUSTRY

The area under the control of the Cyprus government, in which Cablenet operates, has a population of around 890,000, spread across a geographical area of around 5,900 km². 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 60% of the population and is present in all 5 regions of the country but more concentrated on those of Nicosia, Larnaca, Limassol and Paphos.

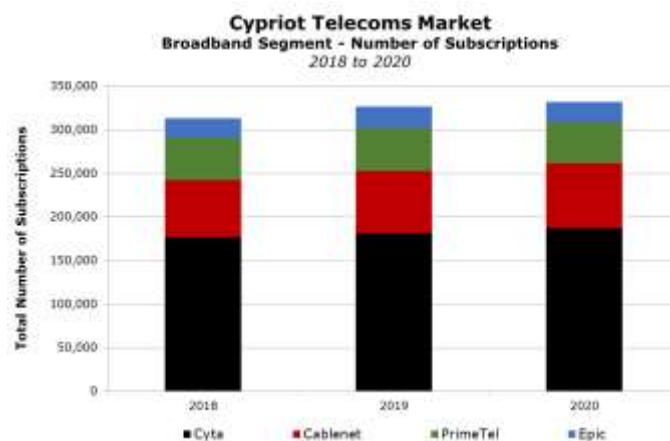
¹ <https://data.gsmaintelligence.com/api-web/v2/research-file-download?id=51249388&file=2915-260220-Mobile-Economy.pdf>

In Cyprus, CYTA, the incumbent state-owned telecommunications company, is the dominant player and manages most telecommunications and internet connections. Following the liberalisation of the telecommunications sector on the island in 2003, a few private telecommunications companies have emerged.

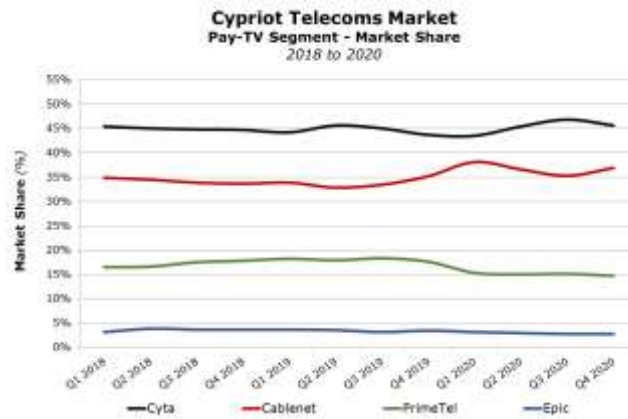
Cyprus currently ranks 24th overall in the European Commission’s 2020 Digital Economy and Society Index (DESI), despite the fact that Cyprus, like Malta, has 100% NGA network coverage and ranks first in that criterion. So, even though, 98% of the Cypriot population have access to fixed-line broadband, the island lags behind the EU average in ultrafast broadband uptake and pricing. This lack of use of digital services is a direct result of a lack of digital skills by a significant proportion of the population.

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 2016, the government of Cyprus published a national Cyprus Broadband Plan 2016-2020 wherein it promotes FTTH technologies to become available nationally, improving connectivity and enabling digitalisation of the country. The new National Broadband Plan of Cyprus 2021-2025 is currently in preparation and is expected to be concluded by September 2021.

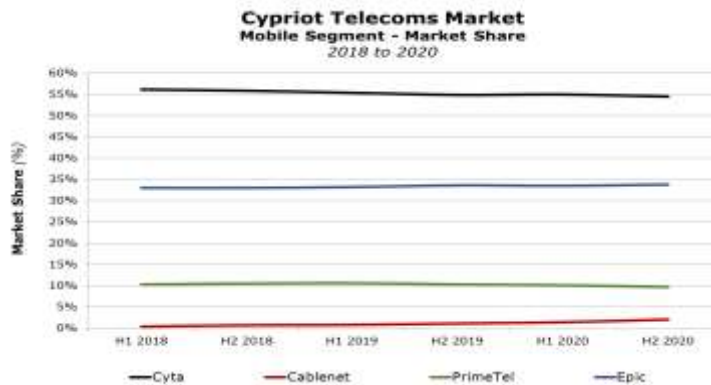
In terms of market share, split by service offering, during 2020 Cablenet increased its number of **fixed broadband** subscriptions by around 6% to circa 75,700 (Cyprus regulator – OCECPR – data) compared to 71,500 as at 31 December 2019. This growth rate was much stronger than the pace of increase of less than 2% across the entire Cypriot fixed broadband market, thus resulting in Cablenet’s market share continuing to improve to a record of 22.8% as at 31 December 2020 compared to 22.2% as at end of 2019. Furthermore, Cablenet increased its considerable lead over PrimeTel (which is the third largest fixed broadband operator in Cyprus after Cablenet with a market share of 14%) and Epic (the smallest operator with a market share of 7%), whilst CYTA improved its market presence to nearly 57% of the market.



A similar trend was also registered in the Cypriot **pay-TV** segment where CYTA and Cablenet continued to dominate the market and both increased their market presence by around 2 percentage points. In contrast, the market shares of PrimeTel and Epic contracted further as these smaller operators ended 2020 with a combined penetration of 17.5% compared to 21% as at the end 2019. The robust performance of Cablenet in this segment came about not only from its broader network coverage but also as a result of the continuous investments in additional content through the introduction of new football-related packages targeting local and European games, which Cablenet believes will continue to strengthen its position in this field.



In the **mobile segment**, even though Cablenet, being the 4th entrant, is by far the smallest player with a penetration of just 2%, it is still noteworthy to highlight that the company was the only operator that achieved meaningful growth in subscriptions in 2020 (+81%). In fact, PrimeTel (-6%) and CYTA (-1%) experienced a contraction in mobile subscriptions whilst Epic only achieved a growth of 0.3%. In total, the number of mobile subscriptions in Cyprus dropped marginally to 1.24 million as the continued decrease in popularity of prepaid agreements (-9.4%) was only partially offset by the further increase (+5%) in contract subscriptions. Although the penetration rate eased to 139.6% from a record of 140% as at the end of 2019, the penetration rate in contract subscriptions continued to increase to 93.2% whilst the penetration rate in prepaid agreements eased to 46.4%.



Meanwhile, Cablenet also continued to make inroads in the **fixed telephony** market in 2020 as the Company ended the year with a market share of 21% (31 December 2019: 14.4%) mainly to the detriment of CYTA which saw its market penetration drop to 58.2% compared to 63.4% as at the end of 2019.

SOURCES USED FOR THE MARKET OVERVIEW:

<https://ec.europa.eu/digital-single-market/en/country-information-cyprus>

<https://ec.europa.eu/digital-single-market/en/news/how-digital-europe-compared-other-major-world-economies>

<https://ec.europa.eu/digital-single-market/en/desi>

<https://cyprus-mail.com/2019/10/20/digital-economy-in-cyprus-has-a-long-way-to-go/>

<https://telecoms.com/502555/europe-unveils-its-digital-grand-plan/>

<https://www.budde.com.au/Research/Cyprus-Mobile-Infrastructure-Broadband-Operators-Statistics-and-Analyses>

https://ec.europa.eu/competition/sectors/telecommunications/overview_en.html

https://en.wikipedia.org/wiki/Telecommunications_in_Cyprus

<https://data.gsmainelligence.com/api-web/v2/research-file-download?id=51249202&file=2901-040220-Market-Structure.pdf>

<https://data.gsmainelligence.com/api-web/v2/research-file-download?id=51249388&file=2915-260220-Mobile-Economy.pdf>

<https://data.gsmainelligence.com/research/research/research-2020/mobile-market-structure-and-performance-in-europe-lessons-from-the-4g-era>

<https://ocecpr.ee.cy/>

PART B FINANCIAL ANALYSIS

7. INTRODUCTION TO PART B

HISTORICAL FINANCIAL INFORMATION

The following sections provide an overview of the historic financial information of the Company over the past three financial periods ending 31 December 2020 and an outlook for the current financial year ending 31 December 2021.

PROJECTIONS AND ASSUMPTIONS

The Company plans to continue its investments in the expansion of its network, its TV/Sports platform and new mobile service offerings and capabilities to be able to further penetrate the market and scale its operations accordingly. As a matter of fact, part of the proceeds of the Bond Issue, amounting to €14.6 million, were earmarked for this purpose although the Company did not utilise the entire amount throughout 2020 due to the disruptions caused by the COVID-19 pandemic. The projections included in this financial analysis summary extend only until the end of the current financial year, i.e. 31 December 2021, and as such, would not necessarily show the full impact of the expansion exercise.

Furthermore, during H1 FY2021, Cablenet will be finalising the agreement with CYTA to access the latter's mobile network infrastructure as has been previously highlighted. This is a long-term commitment from both parties and would enable Cablenet to offer an attractive mobile product proposition that will underpin further growth in its mobile services revenue.

In cognisance of these two strategic moves, the Company is expecting to increase the number of subscribers in FY2021 across all segments (retail and corporate) and all network types (fixed and mobile) and to improve its market share and penetration ability. Whereas Cablenet's fixed addressable market is currently approx. 60% of Cyprus' households and it commands a strong share of it, on the mobile services side, the addressable market is 100% of households and there's room to significantly improve the Company's 2% market share as of the end of 2020.

In addition, the Company will continue putting emphasis on cross-selling its customers towards multiple services (multi-play products).

8. THE INCOME STATEMENT

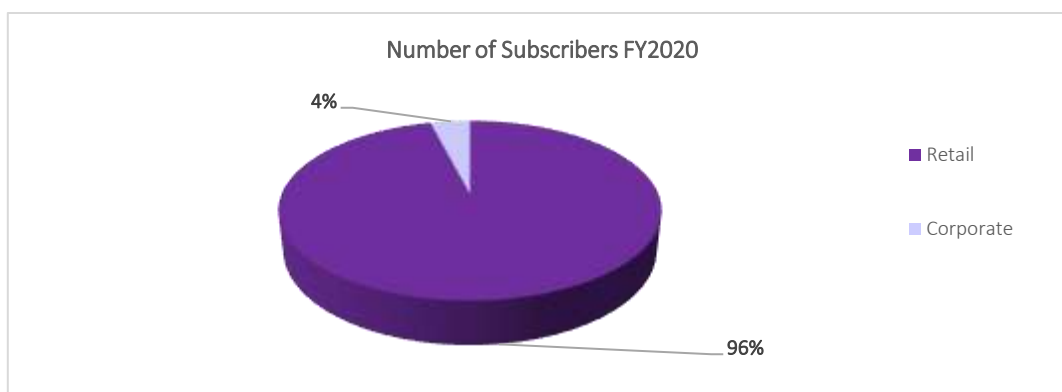
Income Statement

Year ended 31 December	2018(A) €'000	2019(A) €'000	2020(A) €'000	2021(F) €'000
Revenue	33,448	39,845	46,979	53,101
Direct Costs	(8,970)	(12,852)	(16,429)	(21,059)
Contribution	24,478	26,993	30,550	32,042
Operating Costs	(11,449)	(12,426)	(14,166)	(16,772)
Other Income	353	196	57	-
EBITDA	13,383	14,763	16,441	15,270
Depreciation & Amortisation	(8,811)	(13,329)	(17,664)	(18,193)
Operating Profit/(Loss)	4,572	1,434	(1,223)	(2,923)
Net Finance Costs	(1,181)	(1,294)	(1,808)	(1,858)
Profit Before Tax	3,391	140	(3,031)	(4,781)
Taxation Expense	(450)	(80)	186	294
Profit for the Year	2,941	60	(2,845)	(4,487)

EBITDA	13,383	14,763	16,441	15,270
Operating Profit/(Loss)	4,572	1,433	(1,223)	(2,923)
Depreciation & Amortisation	8,811	13,329	17,664	18,193

SERVICE OFFERINGS OF THE COMPANY

Throughout the years, Cablenet has continuously focused on expanding its network coverage, which in turn, allowed it to increase its addressable market, national market share and revenue. Its subscriber base is mainly retail and management confirmed that the existing mix between Retail and Corporate clients will not materially change, with the focus being on increasing subscriber numbers in both segments.



Source: Management Information

The retail subscribers base is the largest contributor to the Company's revenue. The average number of subscribers increased from around 62,500 in FY2018 to 77,000 in FY2020. Revenue from this segment is generated through the sale of single and packaged offerings, from a combination of TV, internet, and fixed and mobile telephony.

Corporate subscribers are offered a variety of telecoms services. Internet services remain the most sought after and generate most of the revenue from this segment, which range from simple cable broadband internet services to VPN services, fibre and national and international WAN services. Corporate clients remain consistent users of fixed telephony services and while the retail subscribers are making less use of this service, it is evident that demand from corporate clients for fixed telephony remained constant over the years. The Company also generates additional revenue from the rental of telephony services, such as PABX systems.

Mobile services will be a key focus of the Company in 2021, as it migrates from its MVNO contract with CYTA to its RAN Sharing one, once the MoU discussions, also with CYTA, have been finalised. The migration will allow for higher growth in Cablenet's mobile services revenue and the potential for much higher margins. New developments in this regard are explained further in section 4.

REVENUE & CONTRIBUTION ANALYSIS

Revenue & Contribution	FY2018 €'000	FY2019 €'000	FY2020 €'000
Revenue	33,448	39,845	46,979
Direct Costs	(8,970)	(12,852)	(16,429)
Contribution	24,478	26,993	30,550
Contribution Margin	73.2%	67.7%	65.0%

The Company's revenue increased from €33.4 million in FY2018 to almost €47 million in FY2020, representing a CAGR of 18.5% p.a. Contribution (Gross Profit before any Depreciation & Amortisation) increased from €24.5 million in FY2018 to €30.6 million in FY2020, with the Contribution Margin decreasing in the period, from 73.2% to 65.0%. Cablenet's significant revenue growth is also seeing an increasing share from newer products and business lines (such as mobile or TV and Sports) that are of lower scale and maturity than its traditional services and will thus need some time to build up to the same contribution margins that older Cablenet business lines have.

EBITDA, OPERATING COSTS & OTHER INCOME

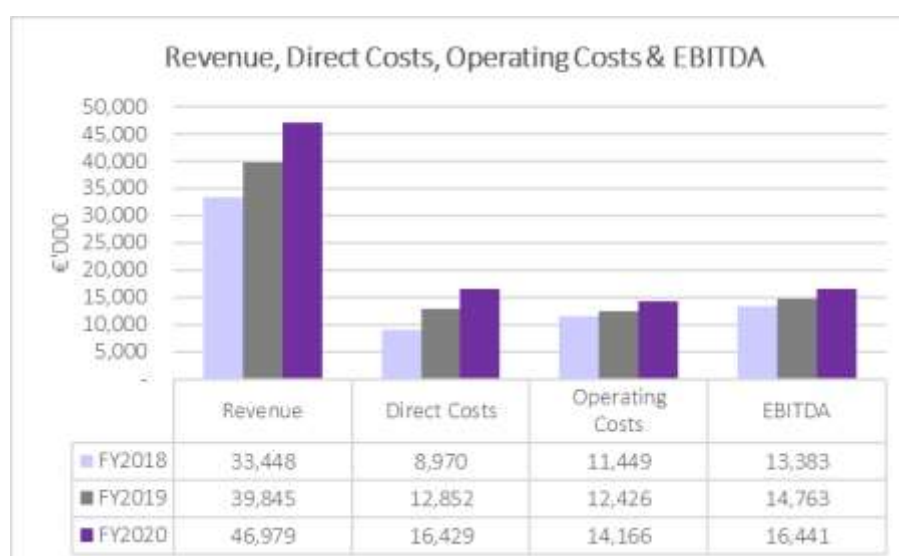
The Company's operating costs, included in the financial statements as cost of sales, administrative costs and selling and distribution costs, comprise approx. 66% of its total costs, with the remaining third being depreciation and amortisation charges.

The Company's direct costs increased over the period under review from €9.0 million in FY2018 to €16.4 million in FY2020. Such costs include those incurred for TV content, which are based on various agreements that Cablenet has with a number of channels for it to broadcast those TV channels on its platform, as well as fees related to its football broadcasting rights as from FY2019. Also included are fees related to Internet capacity that allow the Company to offer Internet within its packaged deals and/or on its own, collocation costs related to its fixed telephony services offering, utility expenses for the provision of its services and consumables that the Company needs for its network and similar equipment.

Other than direct costs, another substantial cost component that the Company has is related to its personnel employed outside network deployment roles (the cost of the latter is typically capitalised). This cost component increased from €5.3 million in FY2018 to €6.8 million in FY2020, reflecting an increase in Cablenet's staff complement from 284 to 360, respectively.

Other Income includes a mix of subsidies that the Company could avail itself of, such as termination fees on subscriber contracts, any gain from the sale of equipment to its client base, as well as recovery of any bad debts previously written off.

After accounting for the above costs and other income, the Company's EBITDA registered an increase of 22.8% from €13.4 million back in FY2018 to €16.4 million in FY2020 (representing CAGR of 10.8%).



DEPRECIATION AND AMORTISATION

A large cost component for the Company are the non-cash charges relating to Depreciation and Amortisation ('D&A', approximately a third of total operating costs). These charges increased from €8.8 million in FY2018 to €13.4 million in FY2019 and €17.7 million in FY2020. D&A charges were made up of the following components:

Depreciation & Amortisation	FY2018	FY2019	FY2020
	<i>€'000</i>	<i>€'000</i>	<i>€'000</i>
<u>Depreciation PPE</u>			
Leasehold buildings & improvements	140	148	177
Network & Machinery	5,055	5,701	6,456
Motor Vehicles	67	186	150
Furniture, Fixtures, Equipment & Computer Hardware	1,729	1,801	1,818
Tools	1	9	47
<u>Depreciation – ROU Assets</u>			
Land & Buildings	-	528	601
Motor Vehicles	-	254	327
<u>Amortisation – Intangible Assets</u>			
Computer Software	361	389	691
International Capacity	1,454	1,532	1,576
Leasehold Rights on Buildings	4	7	5
Football Rights	-	2,804	5,812
Total Depreciation & Amortisation	8,811	13,359	17,660

The Company continues to invest on its network infrastructure, and as such, this attracts the highest depreciation charge amongst its pool of capital assets. Meanwhile, in FY2019, the Company adopted IFRS 16 and as such, incurred €0.8 million of additional depreciation charge on its RoU assets. Likewise, in FY2020, an additional charge of €0.9 million was taken on in relation to RoU assets.

Amortisation is incurred on intangible assets, which in FY2018 consisted mainly of charges on software and international capacity. In FY2019, the Company's football rights agreements came into effect; the value of these rights are amortised over the period of the useful life of the rights, which is 35 months. For FY2019, the amount of amortisation for these rights was €2.8 million whilst in FY2020 this charge increased to €5.8 million, the latter being the full-year equivalent number (FY2019 figure reflects a half-year effect).

PROFITABILITY ANALYSIS

In FY2020, the Company's financial performance was dented by the additional operating costs and depreciation and amortisation charges, whilst it also incurred higher net finance costs which amounted to €1.8 million compared to €1.3 million in FY2019 and €1.2 million in FY2018, reflecting the additional borrowings undertaken by the Company during the said financial year.

VARIANCE ANALYSIS – FY2020

Income Statement Year ended 31 December	Forecast	Actual	Variance	
	2020 €'000	2020 €'000	€'000	%
Revenue	43,315	46,979	3,664	8.5%
Direct Costs	(12,025)	(16,429)		
Gross Profit	31,290	30,550	(740)	-2.4%
Operating Costs	(12,709)	(14,166)		
Other Income	120	57		
EBITDA	18,701	16,441	(2,260)	-12.1%
Depreciation & Amortisation	(20,053)	(17,664)	2,389	-11.9%
Operating Profit/(Loss)	(1,352)	(1,223)	129	-9.5%
Net Finance Costs	(2,055)	(1,808)		
Profit Before Tax	(3,407)	(3,031)	376	-11.0%
Taxation Expense	(139)	186		
Profit for the Year	(3,546)	(2,845)	701	-19.8%

Despite the considerable challenges brought about by the COVID-19 pandemic, in FY2020, the Company recorded a superior growth rate in revenue reflecting stronger subscriber gains across all segments (both B2C and B2B) and market penetration across existing and new areas as well as services and products.

However, in view of the additional direct costs incurred for TV content (which are based on various agreements that Cablenet has with a number of channels for it to broadcast those TV channels on its platform), as well as fees related to football broadcasting rights, Internet capacity and utility expenses, gross profit was slightly below expectations by 2.4%. Moreover, the higher level of operating costs resulted in the Company not achieving its forecasted EBITDA of €18.7 million. The higher amount of expenditure incurred in FY2020 was also due to the impact of the pandemic on the operations of the Company (such as extra cleaning and disinfection services, employee testing, acquisition of remote working and protective equipment which, in total, had a net negative impact of around €0.6 million at the EBITDA level), as well as the strategic decisions taken by the Company to invest in the new TV Sports Rights distribution agreement that dramatically strengthened its Sports offering, and also accelerate the investment in human resources, network and systems to serve the Company's growth ambitions in the mobile market.

In addition, a lower amount of employee-related expenses was capitalised in FY2020. The Company typically capitalises the salaries of employees that are involved in the construction of and additions to the network, whereby such activities also experienced slowdowns in comparison to the Prospectus projections due to COVID-19 repercussions. This also evidenced by capital investments totalling €18.2 million in FY2020 in comparison to the projected €23.7 million as per the Prospectus, on account of a prudence-driven slowdown of pace of investments.

In contrast, the Company recorded lower depreciation and amortisation charges and net finance costs than anticipated, whilst it also accounted for a tax credit of €0.2 million compared to a forecasted tax charge of €0.1 million. As a result, Cablenet posted an overall net loss of €2.8 million compared to the forecasted net loss of €3.5 million.

OUTLOOK FY2021

A more detailed explanation of Cablenet's future plans is included in sections 4 and 7 of this report. This section only deals with FY2021 expected performance.

Profitability for FY2021 is expected to be affected by the impact of additional investments in the Company's various business and the particular growth phase each of them is in. Although revenues are expected to increase by 13% to a record of €53.1 million, on the back of further penetration in the market, this growth will be offset by the expenses which are required for the Company to invest in extending its outreach, increase customer subscriptions and improve its product offering.

At the Gross Profit level, the substantial growth of the mobile business and its migration from a MVNO contract to the RAN Sharing one, as well as changes in the revenue mix (i.e. lower TV revenue and higher Sports one) will decrease the FY2021 Gross Margin.

Similarly, operating costs are expected to increase by 18.4% to €16.8 million, whilst depreciation and amortisation charges are anticipated to increase by 3% to €18.2 million. In this context, the Company is expecting a 7.1% drop in EBITDA to €15.3 million whilst a further operating loss of €2.9 million is being forecasted compared to an operating loss of €1.2 million in FY2020.

Net finance costs in FY2021 are expected to be in line with the amount incurred FY2020, at €1.9 million (FY2019: €1.3 million), as total borrowings are expected to increase to €44 million compared to €40.4 million as at the end of 2020.

9. STATEMENT OF FINANCIAL POSITION

Statement of Financial Position

As at 31 December	2018(A) €'000	2019(A) €'000	2020(A) €'000	2021(F) €'000
ASSETS				
Property, Plant & Equipment	30,492	35,721	39,109	43,490
Right-of-Use Assets	-	3,600	3,460	3,468
Intangible Assets	12,938	25,906	20,805	29,481
Inventories	19	16	79	376
Trade & Other Receivables	5,040	6,861	13,680	14,533
Current Tax Assets	-	-	185	-
Bank Deposits & Cash in Hand	433	287	14,433	4,354
TOTAL ASSETS	48,922	72,391	91,752	95,702
EQUITY & LIABILITIES				
Equity				
Share Capital	4,664	5,750	5,750	5,750
Other Reserves	10,758	26,394	26,393	26,931
Accumulated Losses	(14,608)	(16,041)	(19,017)	(24,554)
Total Equity	814	16,102	13,126	8,127
Liabilities				
Borrowings	32,991	22,821	40,443	44,049
Lease Liabilities	-	3,593	3,460	3,468
Trade & Other Payables	15,108	19,680	27,579	28,550
Football Rights Liability	-	10,164	7,143	11,508
Tax Liabilities	9	30	-	-
Total Liabilities	48,108	56,288	78,625	87,575
TOTAL EQUITY & LIABILITIES	48,922	72,391	91,752	95,702

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 €39.1 million out of the €91.8 million of total assets by the end of FY2020 (€35.7 million of €72.4 million in FY2019 and €30.5 million of €48.9 million in FY2018). 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 in FY2019, which at the end of the FY2020 were valued at €9.8 million, recognised within Intangible Assets. Other Intangible Assets related to computer software, international capacity² and leasehold rights on buildings. In FY2020, the total value of intangible assets dropped by 19.7% to €20.8 million as the amount of €8.1 million in amortisation charges outweighed the additional investments of €3 million which, in turn, were predominantly dedicated towards computer software.

² International capacity refers to subsea cable capacity lines which allow Cablenet to connect to the global internet traffic flows.

Intangible Assets	FY2018	FY2019	FY2020
	€'000	€'000	€'000
Computer Software	534	587	2,130
International Capacity	12,187	11,400	9,824
Leasehold Rights on Buildings	217	366	361
Football Rights	-	13,552	8,490
	12,938	25,905	20,805

In line with IFRS 16 – Leases, the Company recognised on its balance sheet the lease agreements it has relating to land & buildings and motor vehicles, leased primarily for sales and technical services. The depreciated balance of these assets at the end of FY2020 was of €3.5 million.

Within its asset base, Cablenet has a balance of current trade and other receivables of €11.3 million (as at the end of FY2020), of which €2.3 million were related to trade receivables. Cablenet typically invoices its retail subscribers on a pre-paid (fixed and mobile) and post-paid (mobile) bases, while corporate client are on a post-paid basis. The remaining €9 million are comprised mainly of prepayments and deposits the Company made in relation to the services it acquires to be able to repackage these and offer them to its client base. An amount of €1.9 million, within prepayments and deposits, represents payments the Company has done to date for its 4G mobile spectrum (pending its use in the future, following the finalization of the RAN Sharing agreement, it is considered a prepayment). Furthermore, an amount of €6.6 million in deposit and prepayments are related to the inter-operator Football content agreements mentioned earlier in this analysis.

LIABILITIES

The Company's liabilities historically consisted of borrowings, trade & other payables as well as current tax liabilities. In FY2019, upon the adoption of IFRS 16 – Leases, the Company started recognising on its balance sheet a RoU liability (reflecting the payments due for the leases throughout the term of such leases) and the commitment related to the football rights which materialised in the second half of FY2019.

The Company's total borrowings decreased from €33 million in FY2018 to €22.8 million in FY2019 as a result of a capitalisation of part of the debts (and accrued interest) by GO plc, which led to the latter increasing its shareholding in the Company to 62.2%.

Borrowings Analysis	FY2018	FY2019	FY2020
	€'000	€'000	€'000
Current Borrowings	3,497	5,459	1,037
<i>of which shareholders' loans</i>	627	-	-
Non-Current Borrowings	29,494	17,363	39,405
<i>of which shareholders' loans</i>	15,080	4,585*	-
Total Debt	32,991	22,822	40,443
Cash & Equivalents	433	287	14,433
Net Debt	32,558	22,535	26,010

*During FY2019, GO plc capitalised €16.7 million worth of loans and accrued interest.

During FY2020, the Company repaid in full its bank loan and related party loan through the funds received from the bond proceeds. As a result, the Company ended FY2020 with a total debt position of €40.4 million of which mostly relate to the Bond Issue. The additional debt undertaken in FY2020 represented an increase of 77% over the total debt level at the end of FY2019.

With regards to trade and other payables, the Company's deferred subscription income registered a notable increase in FY2020. This is related to the inter-operator Football content agreements mentioned earlier in this analysis.

Trade & Other Payables	FY2018	FY2019	FY2020
	<i>€'000</i>	<i>€'000</i>	<i>€'000</i>
Trade Payables	4,029	7,276	7,249
Amounts due to Shareholders (Dividends)	3,510	5,026	5,038
Deferred Subscription Income	1,654	1,832	9,445
Accruals	1,492	1,157	1,106
Refundable Security Deposits on Subscriptions	2,551	2,770	2,983
Other Payables	1,873	1,620	1,758
	15,109	19,681	27,579

EQUITY BASE

The Company's equity base decreased to €13.1 million in FY2020 (FY2019: €16.1 million; FY2018: €0.8 million) reflecting the net loss for the year of €2.8 million. As a result of this loss, the Company's Accumulated Losses account increased to negative €19 million compared to negative €16 million as at the end of 2019.

Cablenet has negative retained earnings (accumulated losses) which are largely the result of reported losses in the initial years of the Company. Moreover, as per Cypriot tax laws, Cablenet is required to declare at least 70% of its profits as dividends within two years. In the period FY2018 to FY2019, the dividends declared to the shareholders have been credited to the shareholders' current account (FY2019: €5 million; FY2018: €3.5 million). In FY2020, the Company did not declare a dividend.

OUTLOOK FY2021

Cablenet's total asset base is expected to increase by 4.3% to €95.7 million, reflecting the utilisation of the bond proceeds for additional investments deployed towards network expansion and related hardware (both in Cyprus and international connectivity) as well as IT and software costs. In view of the utilisation of the bond proceeds, cash balances are expected to drop to €4.4 million as at the end of FY2021 compared to a balance of €14.4 million as at 31 December 2020.

On the liabilities side, borrowings are expected to increase by €3.6 million to €44 million reflecting bank overdraft balances. Moreover, trade payables are anticipated to increase, albeit by only €1 million to €28.6 million, whilst football rights liabilities are expected to reach €11.5 million compared to €7.1 million as at the end of 2020 in view of the Company's investments in sports content.

The Company's equity base will continue to be characterised by accumulated losses, which in FY2021 are expected to increase to €24.6 million (FY2020: €19 million) reflecting the loss for the year. At the end of FY2021, total equity is expected to stand at €8.1 million (representing 8.5% of Cablenet's total asset base).

10. STATEMENT OF CASH FLOWS

Statement of Cash Flows

Year ended 31 December	2018(A) €'000	2019(A) €'000	2020(A) €'000	2021(F) €'000
Net Cash from Operating Activities	11,507	15,760	11,154	9,066
Net Cash Used in Investing Activities	(11,051)	(20,607)	(18,240)	(18,643)
Net Cash Used in / From Financing Activities	(877)	3,262	18,668	(1,533)
	(421)	(1,585)	11,582	(11,110)
Cash & Cash Equivalents:				
At the Beginning of the Year	(1,527)	(1,948)	(3,533)	8,049
At the End of the Year	(1,948)	(3,533)	8,049	(3,061)

In the past three reporting periods, Cablenet generated a total of €38.4 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 FY2018 to FY2020 amounted to €49.9 million. In FY2019, the Company also made a payment of €6.2 million for the acquisition of football rights which was also supplemented by a further investment of €4 million in FY2020. In order to support this growth in business, throughout the years the Company had a mix of borrowings from banks and its shareholders. In FY2020, however, the Company tapped the capital market for the first time with a €40 million Bond Issue. Just over half of the net proceeds were used to refinance existing bank borrowings and shareholder's loan, whilst most of the remaining unutilised balance, amounting to circa €10.5 million is expected to be utilised in FY2020 for capital expenditure purposes in line with the Bond Issue use of proceeds. The expected €3.1m cash shortfall shown in the table above as of the end of 2021 will be covered by Cablenet's existing €4.0m overdraft facility.

OUTLOOK FY2021

The cash flow projections of FY2021 reflect another particularly heavy investment year for Cablenet, on both the operating and investing activities. Capital investment expenses are expected to remain in line with those of FY2020 as net cash used in investing activities are only expected to increase by 2.2% to €18.6 million. The cash flows used in financing activities largely reflect the impact of payments of lease liabilities as well as interest paid on debt.

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'.

	FY2018(A)	FY2019(A)	FY2020(A)	FY2021(F)
Contribution Margin <i>(Gross Profit / Revenue)</i>	73.2%	67.7%	65.0%	60.3%
EBITDA Margin <i>(EBITDA / Revenue)</i>	40.0%	37.1%	35.0%	28.8%
Operating Profit Margin <i>(Operating Profit / Revenue)</i>	13.7%	3.6%	n/a	n/a
Net Profit Margin <i>(Net Profit / Revenue)</i>	8.8%	0.2%	n/a	n/a
Interest Cover Ratio <i>(EBITDA / Net Finance Cost)</i>	11.33x	11.41x	9.09x	8.22x
Return on Assets <i>(Profit before Tax / Average Assets)</i>	7.2%	0.2%	n/a	n/a
Return on Equity <i>(Profit for the Period / Average Equity)</i>	435.1%	0.7%	n/a	n/a
Return on Capital Employed <i>(Operating Profit / Capital Employed)</i>	8.8%	0.2%	n/a	n/a
Net Debt to EBITDA <i>(Net Debt / EBITDA)</i>	2.43x	1.53x	1.58x	2.60x
Gearing Ratio <i>(Total Borrowings / Equity + Borrowings)</i>	98.0%	73.0%	73.5%	80.6%
Gearing Ratio (2) <i>(Net Borrowings / Equity + Net Borrowings)</i>	97.6%	58.3%	66.5%	83.0%
Current Ratio <i>(Current Assets / Current Liabilities)</i>	0.36x	0.32x	1.07x	0.55x
Cash Ratio <i>(Cash & Equivalents / Current Liabilities)</i>	0.03x	0.01x	0.60x	0.20x

Cablenet's gross profit margins are reflective of the business model of telecoms, whereby 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/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 relatively stable and high.

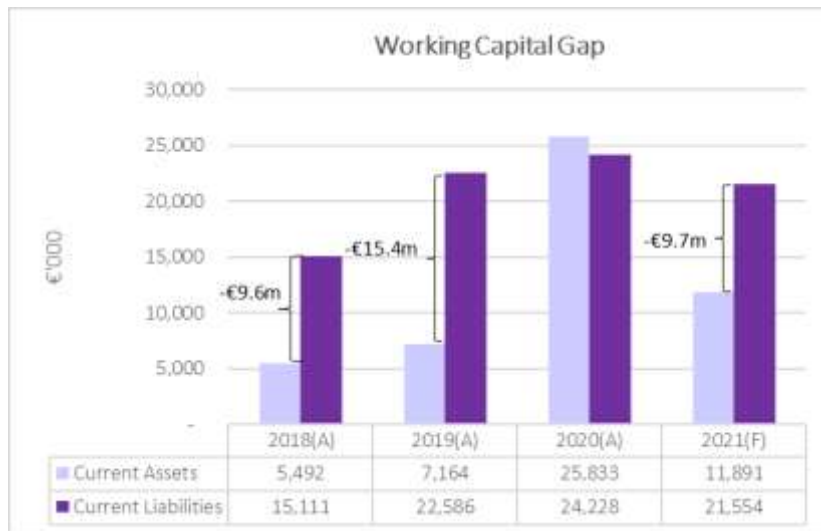
In so far as EBITDA margins are concerned, these are also relatively high and stable, however it is expected that the margin will drop to 28.8% in FY2021 reflecting the considerable increase in direct and operating costs. As discussed earlier in this report, in view of the high levels of depreciation and amortisation charges, Operating Profit and Net Profit Margins are anticipated to deteriorate further. In fact, due to the additions to the Company's asset base, resulting in a higher depreciation charge, these two metrics will remain negative in FY2021 and will in turn affect the subsequent return ratios for FY2021. Meanwhile, in view of the expected drop in EBITDA and despite interest costs remaining virtually unchanged in FY2021, the interest cover ratio of the Company is expected to weaken to 8.22x although this is expected to remain exceptionally strong.

When looking at the gearing structure of the Company, this has been very high, reaching over 90% in FY2018 while reducing to around 73% in FY2019 and FY2020 when excluding cash balances. The recovery noted in FY2019 has been in view of the capitalisation of the loan due to GO plc, boosting equity and concurrently reducing debt. However, in view of the expected contraction in equity in FY2021 in view of the anticipated loss for the year, the gearing is anticipated to increase again to just over 80%.

Over the years, Cablenet invested heavily in its network expansion which as a result, left the Company in 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.

In FY2020, the Company ended the year with a positive working capital position reflecting the unutilised net proceeds from the Bond Issue amounting to circa €10.5 million which are expected to be utilised in FY2021 for additional capital investments. In FY2021 the Company is again expected to end the year with a negative net working capital position of €9.7 million, mostly due to the anticipated drop in cash balances (to fund investments largely in non-current assets) to €4.4 million from €14.4 million as at 31 December 2020. A 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 – 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 and a positive one as highly inefficient from the debtor / creditor cycle and cash-flow management perspectives.

³ <https://www.cfo.com/cash-flow/2012/06/the-positives-of-negative-working-capital/#:~:text=%E2%80%9CThe%20primary%20driver%20behind%20the,deferred%20revenue%2C%E2%80%9D%20Mulford%20says.&text=On%20average%2C%20the%20communications%20sector,for%20all%20other%20nonfinancial%20companies>



Source: Management information

PART C LISTED SECURITIES

GO plc is the parent company of Cablenet, owning 62.19%. 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

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

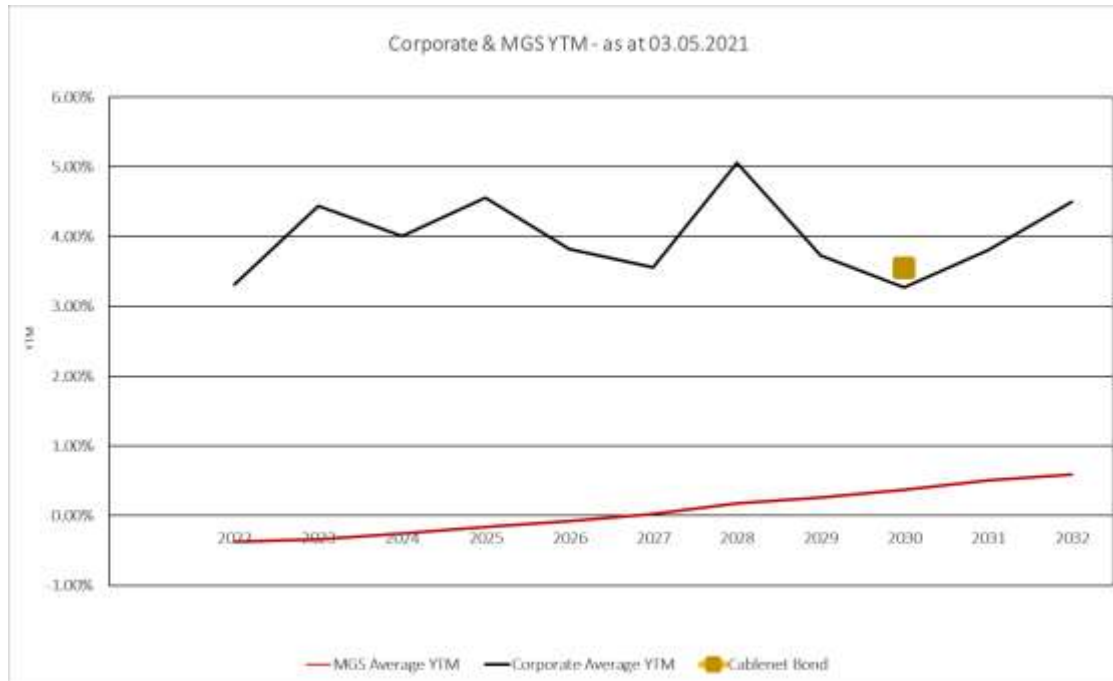
The table below compares the Company's bonds with other local corporate bonds having maturities closest to the Company's bonds. The list excludes issues by financial institutions. The comparative set includes local groups whose assets, strategy and level of operations vary significantly from those of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

Bond Details	Amounts Outstanding (€'millions)	Gearing*	Net Debt to EBITDA	Interest Cover	YTM as at 03.05.2021
4.5% Endo Finance plc 2029 (Unsecured)	13,500	54.2%	4.34x	4.20x	4.65%
4% SP Finance plc 2029 (Secured)	12,000	46.0%	139.7x	0.12x	3.64%
3.75% TUM Finance plc 2029 (Secured) (Puttable)	20,000	35.4%	2.74x	9.01x	3.18%
3.65% Stivala Group Finance plc 2029 (Secured)	15,000	26.3%	11.4x	2.30x	3.37%
3.75% AX Group plc 2029 (Unsecured)	10,000	25.5%	28.3x	0.76x	3.34%
4% Cablenet Communication Systems plc 2030 (Unsecured)	40,000	66.5%	1.58x	9.09x	3.55%

Source: Yield to Maturity from rizzofarrugia.com, based on bond prices of 3 May 2021. 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 an eleven-year period, and how Cablenet’s bond compares to such average yields. All the yields presented hereunder are as at 3 May 2021.



At a yield-to-maturity of 3.55%, Cablenet’s bonds are priced 28 basis points above the equivalent average corporate bonds YTM for 2030 maturities and at a 318-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.

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 This is computed by dividing profit after tax by 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.