

Earnings Report 1Q 2023

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Please note that all 1Q financial data shown in this report is unaudited

Information also available on <http://www.grupomasmovil.com> under section “shareholders and investors”

Financial and Operational Results

• 1Q23 Revenues:

- Telco Service Revenues of €610M (+4% YoY)
- Total Service Revenues of €677M (+1% YoY) impacted by the decline in Other Service Revenues mostly due to reduced low-margin Energy reselling revenues
- Total Revenues of €740M (+1% YoY)

Table 1 – Revenue Split

(€M)	1Q22 Reported	1H22 Reported	9M22 Reported	FY22 Reported	1Q23 Reported	YoY Reported 1Q23/1Q22
Telco Service Revenues	587	1,174	1,760	2,350	610	4%
Other Service Revenues	84	150	228	297	67	-20%
Total Service Revenues	670	1,324	1,988	2,647	677	1%
Other Revenues	63	119	184	247	63	1%
Total Revenues	733	1,443	2,172	2,894	740	1%

Source: Company

• 1Q23 EBITDA:

- EBITDA pre-IFRS of €244M (+12% YoY). As mentioned in the last Earnings Report, we are providing EBITDA figures also on a Pre-IFRS basis.
- Reported Adjusted EBITDA of €286M (+3% YoY)
- Adjusted EBITDA margin of 39% (c.+1pp YoY)

• 1Q23 Capex:

- Total Net Capex reached €97M, out of which:
 - Recurring Capex accounted for €81M (<11% of total revenues)
 - Growth Capex accounted for €25M
 - Cash from disposals of €8M (mostly from routers refurbished and other network sales)

• 1Q23 Cash flow and Net debt:

- Recurrent Operating CF, calculated as Adjusted EBITDA for the year less Recurrent Capex and the Change in Lease Liabilities (IFRS16 related) amounted to €191M for the period
- Adjusted Cash Flow from Operations reached €-23M, once the impact of Growth Capex, Deferred Capex Payments, Interest and Taxes payments as well as NWC adjustments and others are considered

- It is worth noting that Cash Flow from Operations in each first quarter is impacted by seasonal factors including: i) higher working capital needs which tend to progressively come down throughout the year and, ii) deferred capex payments mostly from the Pomelo contract. These payments have been taking place in the first quarter of each of the last four years with no further payments from this project expected from next year
- Reported Net Debt stood at €6.4bn at the end of the quarter. This is a minor increase against the net debt reported as of December 2022, mostly due to the Cash Flow from Operations seasonal factors explained above as well as non-recurrent equity payments for the equity capital contribution in the Ucles project.
- Total Leverage of 5.2x and Senior Leverage of 4.4x (please see details of the calculations later in this report)

Table 2 – Key Financials

Key Financials (€M unless otherwise stated)	1Q22 Reported	1H22 Reported	9M22 Reported	FY22 Reported	1Q23 Reported	YoY Reported 1Q23/1Q22
Service Revenues	670	1,324	1,988	2,647	677	1%
Total Revenues	733	1,443	2,172	2,894	740	1%
Adjusted EBITDA	277	540	842	1,199	286	3%
Adjusted EBITDA margin (%)	38%	37%	39%	41%	39%	
Net Accrued Capex	124	257	394	470	97	
Fiber Network footprint (Mn of BUs)	27.2	27.5	27.7	28.1	28.4	
Cash Flow from Operations	-118	-93	-41	131	-23	
Total Leverage Net Debt/Structuring EBITDA (x)	5.0	5.3	5.2	5.1	5.2	

Source: Company

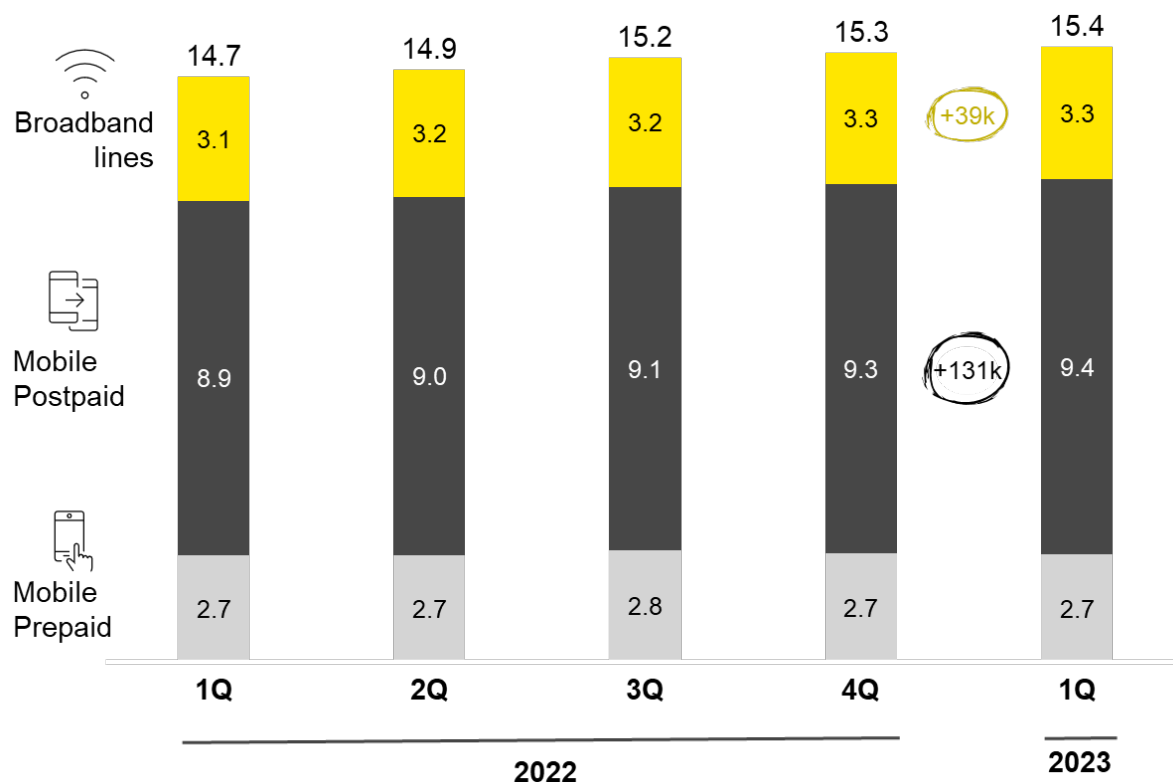
- **MASMOVIL continues its growth trajectory and reaches a total of 15.4M lines including >3.3M broadband lines, and c.9.4M mobile postpaid**
 - At the end of 1Q23, MASMOVIL reached 15.4M total lines (+5% YoY)
 - Total lines grew over the last quarter by 155K lines

Table 3 – Overview of Customer Base

Mn Lines	1Q22 Reported	1H22 Reported	9M22 Reported	FY22 Reported	1Q23 Reported	Delta 1Q23/FY22	YoY Growth Reported
Mobile postpaid	8.9	9.0	9.1	9.3	9.4	0.1	6%
Mobile prepaid	2.7	2.7	2.8	2.7	2.7	0.0	0%
Total Mobile	11.6	11.7	11.9	12.0	12.1	0.1	5%
Broadband	3.1	3.2	3.2	3.3	3.3	0.0	6%
Total lines	14.7	14.9	15.2	15.3	15.4	0.2	5%

Source: Company

Chart 1 – Evolution of Mobile & Broadband Lines (millions)



Source: Company

- **Mobile postpaid lines grew +6% YoY**

- In 1Q23, MASMOVIL reached 9,398K mobile post-paid clients, an increase of +131K lines vs. 4Q22

- **Broadband net adds of +39k in 1Q23**

- Broadband lines increased by +39K this quarter, reaching 3,332K BB lines.
- This implies a +6% growth against the number of lines reported in 1Q22

Consolidated Profit and Loss Statement

Table 4 – Summarized P&L (€M)

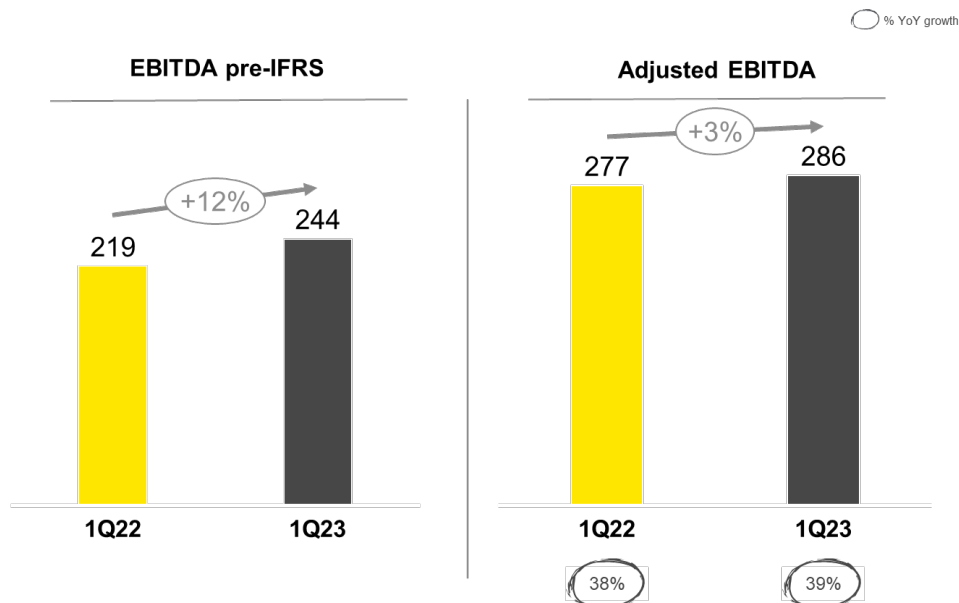
(€M)	1Q22 Reported	1Q23 Reported	Growth Reported
Service Revenues	670.5	677.0	1%
Other revenues	62.5	63.7	2%
Revenue	733.0	740.7	1%
Other operating revenue	42.2	35.5	-16%
Cost of sales	-453.7	-449.9	-1%
Other operating expenses	-44.4	-40.5	-9%
Adjusted EBITDA	277.0	285.8	3%
Net one-offs	-7.3	-13.7	88%
Capital gain on sale of assets and loss impairm	1.0	-1.7	nm
Reported EBITDA	270.8	270.4	0%
Depreciation and amortization	-226.2	-230.2	2%
Result from loss of control of associates		0.0	nm
Reported EBIT	44.6	40.2	-10%
Net financial expenses	-95.1	-114.3	20%
Results from equity-consolidated investments		-4.8	nm
Reported Profit before taxes	-50.5	-78.9	56%
Income tax	11.3	21.8	92%
Income / Loss from continuing operations	-39.2	-57.1	46%
Result from discontinued operations net of tax	-0.9	0.0	nm
Income / Loss for the period	-40.0	-57.1	43%

Source: Company

• EBITDA pre-IFRS¹ of €244M in 1Q23 +12% YoY

- Once excluded the positive non-cash impact from IFRS 15 and IFRS 16, our 1Q23 EBITDA pre-IFRS reached €244M +12% YoY.
- 1Q23 Adjusted EBITDA² of €286M represents a +3% YoY increase
- Adjusted EBITDA margin reached 39% in 1Q23 vs. 38% in 1Q22 what implies a c.1pp margin expansion YoY

Chart 2 – Pre-IFRS and Adjusted EBITDA 1Q23 (€M)

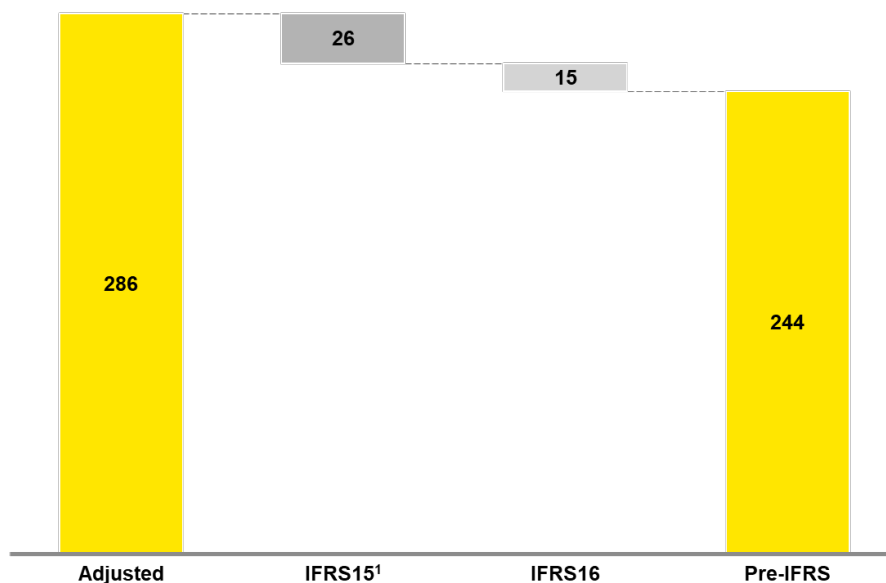


1 Pre IFRS 15 & IFRS 16

2 Adjusted for one-offs

Source: Company

Chart 3 – Bridge from Adjusted EBITDA to Pre-IFRS 1Q23 (€M)



1 Including IFRS3 impact from MASMOVIL takeover bid by Lorca and Euskaltel acquisition

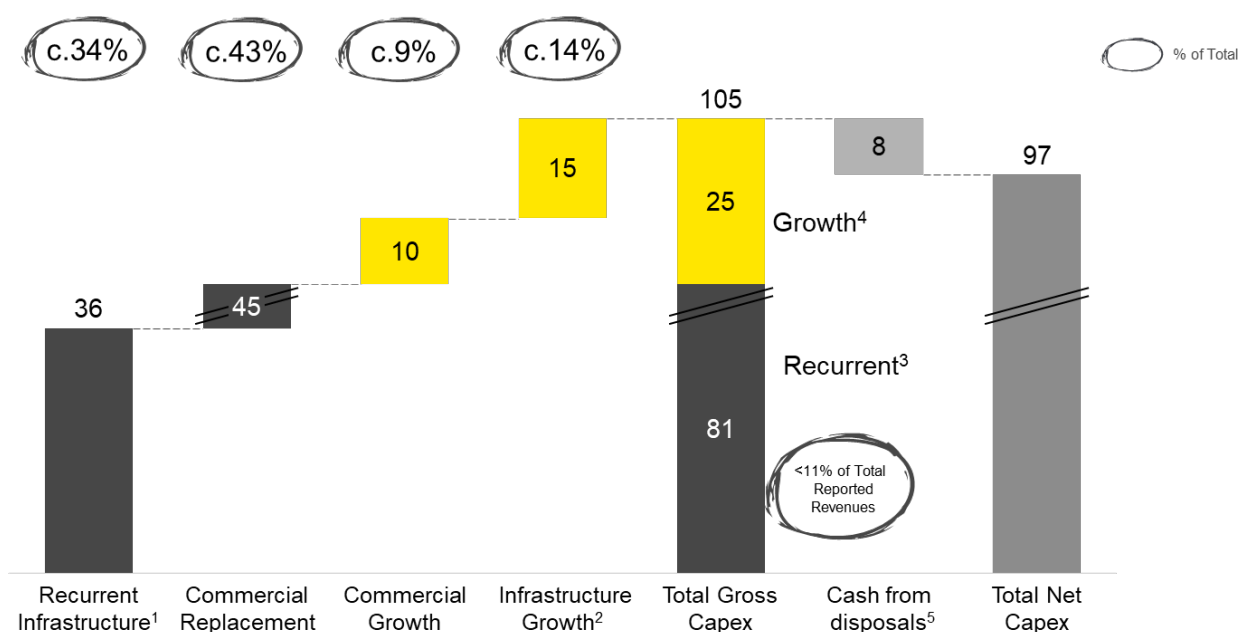
Source: Company

Cash Flow Statement

- **Reported Net Capex of €97M in 1Q23**

- Total Reported Net Capex reached €97M in 1Q23
- Total Reported Gross Capex is split between Recurrent and Growth Capex, the former representing 77% of Group's Gross Capex during the period, while Growth Capex reached the remaining 23%
- Recurrent capex remains just below 11% of Total Revenues during 1Q23 (<13% as of FY22)

Chart 4 – Net Capex 1Q23 (€M)



1 Includes all maintenance of both fixed and mobile infrastructures, plus IT & spectrum Capex

2 Includes all infrastructure Capex that is not accounted under maintenance infrastructure Capex

3 Includes churn related (replacement) commercial Capex and maintenance infrastructure Capex

4 FTTH network deployment & commercial growth-related capex

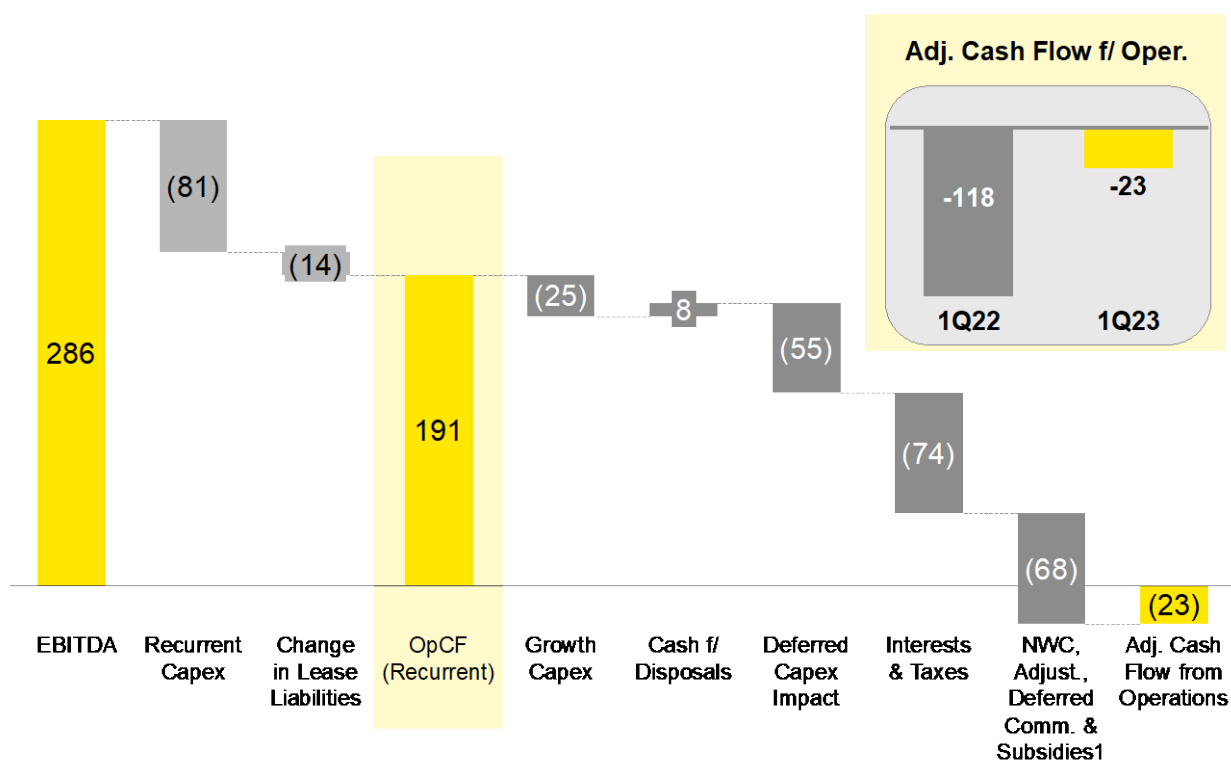
5 Including routers refurbished and other network sales

Source: Company

- Recurrent Capex amounted to €81M during the period, of which:
 - Infrastructure Recurrent Capex reached €36M in 1Q23, representing c.34% of Total Gross Capex
It includes mainly Capex devoted to maintenance of Group's both fixed and mobile infrastructure, plus IT and spectrum Capex
 - Commercial Replacement Capex amounted to €45M, representing commercial investment required to replace the broadband lines that have churned over the period, for a total of c.43% of Total Gross Capex

- Growth Capex reached €25M in 1Q23, and is comprised of:
 - Commercial Growth Capex amounted to €10M (c.9% of Total Gross Capex), which represents the commercial investment required to accommodate the net new broadband lines obtained over the period
 - Infrastructure Growth Capex reached €15M, or c.14% of Total Gross Capex. It includes direct investments in growing our network and, the remaining of Infrastructure Capex not accounted for under Infrastructure Maintenance Capex.
 - Asset sales for €8M were mostly driven by routers refurbished and other network sales
- **Adj. Cash Flow from Operations of €-23M in 1Q23 showing a positive YoY evolution**
 - Adj. EBITDA reached, as previously discussed, €286M in 1Q23, while Recurrent Capex amounted to €81M in the same period
 - IFRS16-related change in lease liabilities totaled €14M in 1Q23
 - The above allowed the Group to report €191M of Recurrent Operating Cash Flow during the period
 - Growth Capex including both commercial and infrastructure capex reached €16M net of asset sales
 - Cash out-flows resulting from the payment of Capex incurred in previous periods (for instance the 2023 installment from the 2019 contract signed with Orange plus some seasonality factors) implied a Deferred Capex outflow of €55M in 1Q23.
 - Interest and taxes implied €74M of cash outflow, mostly impacted by the higher level of debt since the Euskaltel's acquisition, higher interest costs and payments' calendar
 - NWC, Adjustments, Deferred Commissions & Subsidies (including IFRS15 adjustments) were €-69M this quarter
 - As already mentioned earlier in this report, some items like deferred capex payments and NWC have a higher negative impact on Cash Flow from operations at the beginning of the year. As a result, 1Q23 cash flow from operations was negative this quarter at €-23M but, showing however a strong improvement against the €-118M reported in 1Q22
- **Cash Flow movements below Adj. Cash Flow f/ Operations**
 - One-offs include integration & migration costs plus accrued penalties for €27M
 - M&A payments for €73M mainly including the pending equity contribution for our minority stake in Ucles

Chart 5 – Cash Flow from Operations 1Q23 (€M)



1 Includes IFRS15

Source: Company

Table 5 – Cash Flow (€M)

(Million €)	1Q23
Adjusted EBITDA	286
NWC, Adjustments, Deferred Commissions and Subsidies	(70)
Payments from lease liabilities (IFRS16)	(14)
Net Financial expenses	(74)
Corporate tax	(0)
Cash Flow from operations before Capex	128
Accrued Net Capex	(105)
Payments for previous periods Capex	(55)
Cash from sale of assets (includ. special projects)	10
Cash Flow from Capex	(150)
Other	(1)
Adjusted Cash Flow from operations	(23)
One-offs	(27)
Cash Flow from operations	(50)
M&A	(73)
Financing	120
Net increase/(decrease) in cash and cash equivalents	(2)

Source: Company

- **Accounting Net Debt, as calculated by the Company, reached €6.4bn at the end of the quarter, a small increase vs the €6.3bn reported last quarter**
 - The Group's accounting Net Debt reached €6,442M on Company's calculations
 - The Group's nominal Net Debt of €6.5BN as of end of 1Q23 mainly included:
 - Two TLBs for a total nominal value of €3.2bn: a TLB1 for €2.2bn with 425b.p. margin over Euribor and 9/27 maturity and a TLB2 for 1.0bn with 375b.p. margin on Euribor and same maturity.
 - Senior Secured Notes for €2.35bn on nominal value with 4% coupon and maturity on 9/27
 - Senior Notes for €500M (nominal value) 5.125% coupon & maturity on 9/29
 - Commercial paper for €246M
 - RCF for €100M
 - Other debts which netted of cash accounted for €126M (excluding lease liabilities)

The small increase in Accounting Net Debt from €6.282bn reported at the end of FY22, is explained by:

- Adjusted Cash Flow from Operations for €-23M
- M&A cash outflows for a total of €73M mostly including the payment of the capital increase for a minority stake in Ucles
- Cash one-off costs for a total of €27M explained by accrued penalties from the Euskaltel adquisition plus migration and integration costs
- Other increases in Net Debt without impact on cash for €37M

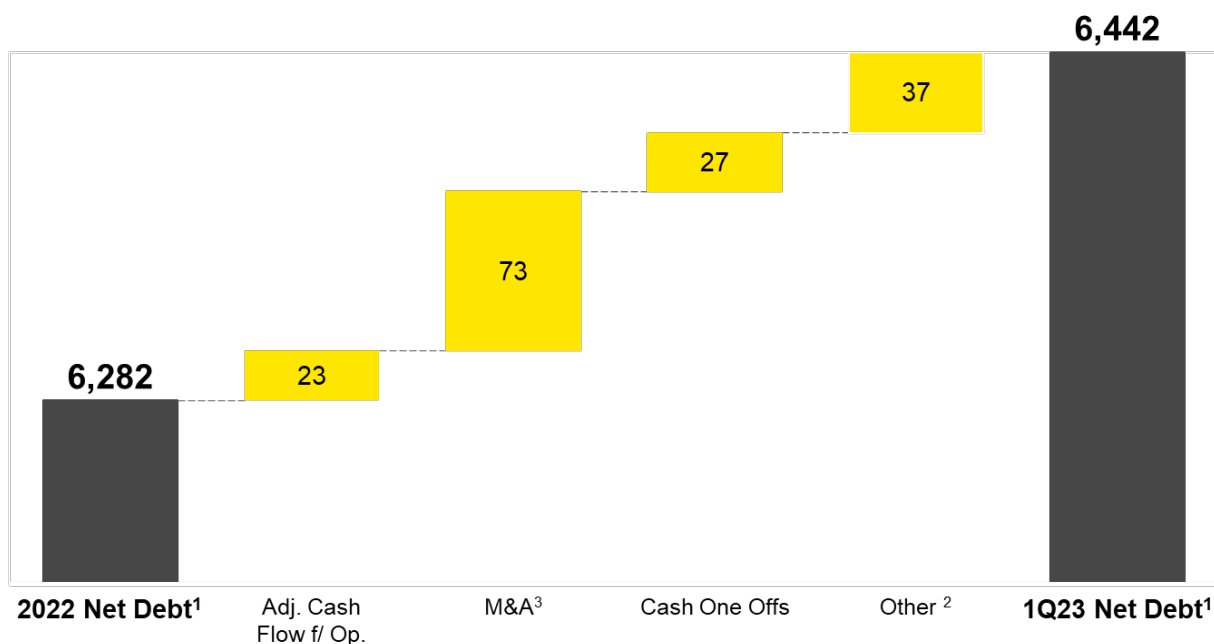
Table 6 – Accounting Net Debt Overview (€M)

(€m)	1Q23
TLB	3,160
Senior Secured Notes	2,318
Senior Notes	490
RCF	101
Commercial paper	246
M&A deferred payments	32
Other bank debt, grants, deposits & guarantees	120
Total Gross Debt (as per Company's calculations)	6,467
Cash & Equivalents	25
Group's Net Debt (as per Company's calculations)	6,442

Source: Company

Note: Net Debt is calculated excluding some debts, mainly debts without cash interest charges, with shareholders, and €228M of financial leases under IFRS16 accounting practices

Chart 6 – Change in Accounting Net Debt (€M)



1 As per Company's calculations, excludes IFRS16 financial leases adjustment

2 Includes other accrued debt and interest in B/S

3 Mainly equity contributions

Source: Company

- **Total Net Debt LTM¹ leverage of 5.1x and 4.3x on Senior Secured basis**

(€m)	1Q23
TLB	3,200
Senior Secured Notes	2,350
Senior Notes	500
RCF	100
Commercial paper	246
M&A deferred payments	32
Other debts	109
Other Debts (grants, deposits and guarantees)	11
Finance leases	224
Cash & Equivalents	-25
Total Net Debt (for leverage)	6,747
LTM Structuring EBITDA	1,288
Total Net Debt LTM Leverage	5.2
Senior Secured Net Debt	5,625
Senior Secured Net Debt LTM Leverage	4.4

Note: The above net debt is nominal (vs. accounting in previous Table) and includes debt from leases

1: LTM Adjusted EBITDA plus synergies, run rate and NetCo Adj.

Source: Company.

Appendix – Lorca JV Co Reported Consolidated Financial Statements

Consolidated Balance Sheet

In thousands of Euros

	<u>31/03/2023</u>	<u>31/12/2022</u>
Assets		
Goodwill	4,470,529	4,470,529
Intangible assets	3,058,251	3,151,323
Property, plant and equipment	1,914,257	1,949,456
Rights of use	217,764	216,017
Cost of obtaining contracts with customers	209,396	189,560
Contractual assets	49,368	47,593
Investments accounted for using the equity method	210,980	147,096
Derivatives financial instruments	20,580	24,701
Other investments	39,259	35,354
Prepayments for non-current assets	92,697	84,512
Deferred tax assets	627,475	122,669
Total non-current assets	10,910,556	10,438,810
Current assets held for sale	215,856	215,856
Inventories	12,613	14,411
Trade and other receivables	401,311	400,216
Cost of obtaining contracts with customers and contractual assets	162,862	157,388
Contractual assets	110,891	111,173
Investments in group companies	-	-
Current tax assets	5,380	6,541
Derivatives financial instruments	4,270	2,013
Other investments	28,744	30,624
Prepayments for current assets	40,545	32,306
Cash and cash equivalents	24,603	26,973
Total current assets	1,007,075	997,501
Total assets	11,917,631	11,436,311
Equity		
Capital	20,512	20,512
Share premium	2,030,662	2,030,662
Retained earnings	(57,091)	443,744
Reserves	554,299	110,591
Third-party shareholders		
Own shares	-	-
Other partner contributions		
Dividends		
Other equity instruments		
Other reserves	17,830	21,086
Translation differences	(2)	(2)
Equity attributable to equity holders of the Parent	2,566,210	2,626,593
Non-controlling interests	(219)	(206)
Total equity	2,565,991	2,626,387
Liabilities		
Loans and borrowings	3,101,261	3,098,824
Derivative financial instruments	-	-
Other payables	165,774	172,102
Finance lease payables	175,885	176,641
Other financial liabilities	2,806,872	2,804,394
Debts with Group Companies	-	-
Provisions	82,271	80,191
Government grants	8,021	7,904
Trade and other payables	33,214	66,046
Deferred tax liabilities	470,883	-
Other non-current liabilities	228,199	225,992
Total non-current liabilities	7,072,380	6,632,094
Liabilities related to non-current assets held for sale	143,857	143,857
Loans and borrowings	268,981	100,370
Derivative financial instruments	-	-
Current tax liabilities	23,807	14,612
Other payables	233,370	295,764
Finance lease payables	47,791	45,678
Other financial liabilities	296,342	316,986
Debts with Group Companies	-	-
Debts with specific features	-	-
Trade and other payables	1,223,782	1,210,446
Provisions	41,330	50,117
Total current liabilities	2,279,260	2,177,830
Total liabilities	9,351,640	8,809,924
Total equity and liabilities	11,917,631	11,436,311

Source. – Company

Consolidated Income Statement

In thousands of Euros

	31/03/2023	31/03/2022
Revenue	740,671	732,982
Other operating income	34,150	42,192
Merchandise, raw materials and consumables used	(299,991)	(293,429)
Employee benefits expenses	(32,408)	(32,607)
Depreciation and amortisation expense	(230,150)	(226,179)
Impairment and benefit for disposals of fixed assets	(1,671)	1,020
Other operating expenses	(170,377)	(179,391)
Result from loss of control of associates	-	-
Results from operating activities	40,224	44,588
Finance income	8,084	1,439
Finance costs	(111,330)	(95,903)
Change in fair value of financial instruments	(6,383)	(388)
Exchange differences	31	(210)
Impairment and results from disposals of financial instruments	(4,700)	31
Gain on bargain purchase	-	-
Net finance cost	(114,298)	(95,031)
Results from equity-consolidated investments	(4,808)	(61)
Income/(Loss) for the period from continuing operations, before income tax	(78,882)	(50,504)
Income tax	21,778	11,314
Income/Loss for the period from continuing operations	(57,104)	(39,190)
	-	(856)
Income/Loss for the period	(57,104)	(40,046)
Loss for the period attributable to:		
Equity holders of the Parent	(57,091)	(39,367)
Third-party shareholders	(13)	(679)
Income/Loss for the period	(57,104)	(40,046)

Source. – Company

Consolidated Cash Flow Statement

Thousand Euro	31/03/2023	31/03/2022
Cash flow from operating activities		
Profit/(Loss) from continuing operations	(57,104)	(40,046)
Profit/(Loss) from discontinued operations		
Profit/(Loss) for the year	(57,104)	(40,046)
Adjustments for:		
Depreciation and amortisation	230,150	226,179
Impairment losses from trade receivables	13,308	13,094
Change in provisions	3,484	(939)
Government grants recognised	(105)	(77)
Exchange differences	(31)	210
Change in fair value of financial instruments	6,383	388
Capitalization of the cost of obtaining contracts with customers	35,761	28,316
Recognised costs for contractual assets	43,148	36,640
Proceeds from disposal of assets	1,671	(1,051)
Impairment and result from disposals of financial instruments	4,700	0
Impairment and benefit for disposals of fixed assets	-	0
Financial income	(8,084)	(1,439)
Financial expenses	111,330	95,903
Results from investments accounted for using the equity method	4,808	61
Other income and expenses	2,736	7,029
Income tax income/(expense)	(21,778)	(11,314)
Changes in working capital		
- Current assets / liabilities held for sale	-	(17,072)
- Inventories	1,798	5,368
- Trade and other receivables	(14,403)	(44,842)
- Cost of obtaining contracts with customers	(61,071)	(69,612)
- Contract assets	(44,641)	(38,902)
- Other assets and liabilities	(23,778)	(29,173)
- Trade and other payables	(31,542)	(11,086)
- Provisions	(10,191)	(18,167)
Cash flow from operating activities	186,549	129,468
Interest paid	(75,863)	(67,758)
Income tax received/(paid)	(290)	6,691
Net cash flow from operating activities	110,396	68,401
Cash flow from investing activities		
Proceeds from investment on financial assets	3,763	(828)
Proceeds from sale of intangible assets	12	
Proceeds from sale of property, plant and equipment	9,534	5,728
Proceeds from sale of subsidiaries, net of cash and cash equivalents	-	
Payments from sale of financial assets	(77,297)	(5,469)
Payments for acquisition of property, plant and equipment	(131,137)	(115,730)
Payments for acquisition of intangible assets	(34,559)	(90,877)
Payments for acquisition of financial assets		
Acquisition of subsidiaries, net of cash and cash equivalents	-	(3,695)
Payments for the acquisition of financial assets		
Net cash flow used in investing activities	(229,684)	(210,872)
Cash flow from financing activities		
Proceeds from issue of share capital		-
Proceeds from bank borrowings	399,953	153,322
Proceeds from Government grants	222	740
Proceeds from other debts with special characteristics		
Proceeds from other financial liabilities	7,013	
Payments for treasury shares		(478)
Payments for lease liabilities including interest	(15,270)	(16,647)
Payments for costs of issue of equity instruments		
Payments for bank borrowings	(275,000)	(80,000)
Payment for other financial liabilities		(16,108)
Net cash flow from/(used in) financing activities	116,918	40,829

Source. - Company

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The Statements can be identified, in certain cases, through the use of words such as “forecast”, “expectation”, “anticipation”, “aspiration”, “purpose”, “estimates”, “plan”, “believe”, “could”, “foresee”, “intend”, “may”, “will”, “continue”, “ongoing”, “potential”, “predict”, “project”, “target”, “seek”, “should” or “would” or similar expressions or variations of such expressions or by discussions of strategies, plans, objectives, targets, goals, future events or intentions. These Statements include matters that are not historical facts and reflect the current views of MASMOVIL with respect to future events, do not represent, by their own nature, any guarantee of future fulfilment, and are subject to risks and uncertainties that could cause the final developments and results to materially differ from those expressed or implied by such Statements. These risks and uncertainties include those identified in the documents containing more comprehensive information filed by MASMOVIL before the different supervisory authorities of the securities markets in which its securities are listed. The Statements appear in a number of places throughout this Report and include statements regarding the Group’s intentions, beliefs or current expectations concerning, among other things, its results of operations, financial condition, liquidity, prospects, competition in areas of its business, outlook and growth prospects, strategies and the industry in which the Group operates. By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are based on potentially inaccurate assumptions and are not guarantees of future performance and the Group’s actual results of operations, financial condition and liquidity and the development of the industry in which the Group operates may differ materially from those made in or suggested by the forward-looking statements contained in this Report due to various risks and uncertainties. In addition, even if the Group’s results of operations, financial condition and liquidity, and the development of the industry in which it operates are consistent with the forward-looking statements or projections contained in this Report, those results or developments may not be indicative of results or developments in subsequent periods.

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