COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by Cablenet Communication Systems p.l.c. (the **"Company"**) pursuant to the Listing Rules as issued by the Listing Authority in accordance with the provisions of the Financial Markets Act (Chapter 345 of the Laws of Malta) as they may be amended from time to time.

Quote

Board Meeting – Approval of Financial Statements 2020

The Board of Directors of the Company has earlier today approved the attached Company's Annual Report and Financial Statements for the financial year ended 31 December 2020.

The Board of Directors has also authorised the publication of the same Financial Statements which will be available for viewing on the Company's website at https://cablenet.com.cy/en/investor-centre-announcements-contacts/

Unquote

Dr. Francis Galea Salomone LL.D.
Company Secretary

10 March 2021

CABLENET COMMUNICATION SYSTEMS PLC (EX. CABLENET COMMUNICATION SYSTEMS LTD)

Report and Financial statements

31 December 2020

CABLENET COMMUNICATION SYSTEMS PLC (EX. CABLENET COMMUNICATION SYSTEMS LTD)

Report and Financial statements
Year ended 31 December 2020

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CABLENET COMMUNICATION SYSTEMS PLC (EX. CABLENET COMMUNICATION SYSTEMS LTD)

GENERAL INFORMATION

Board of Directors:	**Executive** Iosif Iosifakis Yiannos Michaelides (appointed on 27 November 2020) **Non-Executive** Nicolas Shiacolas Nikhil Prakash Patil Paul Testaferrata Moroni Viani Hnid Faker Neoclis Nicolaou (appointed on 15 June 2020) Michael Warrington (appointed on 15 June 2020) Samir Saied (appointed on 20 May 2020) Periklis Theodoridis (resigned on 15 October 2020) Mohamed Fadhel Kraiem (resigned on 17 February 2020)
Company Secretary:	Francis Galea Salomone
Independent Auditors:	Grant Thornton (Cyprus) Limited Certified Public Accountants and Registered Auditors 41-49 Agiou Nicolaou Street Nimeli Court, Block C P.O. Box 23907 1687, Nicosia, Cyprus
Legal Advisers:	Antoniou McCollum & Co. LLC 9 Nikitara Street 1080 Nicosia, Cyprus
Registered office:	41-49 Agiou Nicolaou Street Block A, Nimeli Court 2nd Floor 2408 Egkomi, Nicosia, Cyprus
Bankers:	Bank of Cyprus Public Company Ltd Alpha Bank Cyprus Ltd Hellenic Bank Public Company Ltd Eurobank Cyprus Ltd Societe Generale Cyprus Ltd The Cyprus Development Bank
Registration number:	137520

Chief Executive Officer's review

2020 was, at a Global level, a year of unexpected turmoil at an economic, political and social level. At the same time, it was the year that Cablenet Communication Systems PLC ('Cablenet' or 'the Company') was entering a significant new phase in its already successful growth journey. The start of an evolution into a full-scale quad play operator with an aim to capture, in the long term, a share of the significant mobile market. It was also a year of renewal, transformation and reinvention at both a Strategic and Operational level. The desired outcome is to become a solid producer of strong returns for its shareholders and a contributor of exceptional value to its employees and stakeholders. I am proud that in 2020, Cablenet delivered a strong performance on all three pillars of our strategy, notwithstanding the significant and exceptional challenges faced by the Company and its employees by the COVID-19 pandemic.

We continued the expansion of our network into new areas of Cyprus via a state-of-the-art Fiber Optic Network in order to meet demand from both homes and businesses. We have also continued the densification and closing of coverage gaps in our DOCSIS network, resulting in an aggregate coverage of about 183,000 Homes Passed or c.60% of the Cypriot market vs. c.55% at the end of 2019. More than 77,000 households and 3,400 businesses by the end of 2020 trusted Cablenet for their broadband and other services. We remain committed to expanding our network coverage further in order to be able to cover approximately 80% of the country's households.

The above expansion was also accompanied by our continued commitment to deliver faster speeds to our customers. This was particularly important in a year where COVID-19 related restrictions has forced many people to work, attend classes and entertain from their homes. Our "100 Mbps for all" campaign with the promise of a 100Mbps download speed as the minimum available to all our customers, combined with a competitive price proposition was a clear must for us to offer. True to our belief in offering the best experience to our customers, we launched our "UltraWifi" service powered by Plume HomePass®. Delivering a superior WiFi experience in the home in terms of reach, smart home features and reliability, will further cement the positive perception of the Cablenet Brand.

Last year was also a year of significant transformation of our TV Sports offering. This was the result of a negotiation and agreement with the two other Operators and TV Sports rights holders for the exchange of Sports channels. Our customers can now enjoy a whole array of Cyprus and European football leagues. This dramatic addition to our Sports content was very well received by the market, demonstrated by closing 2020 with the highest ever number of sports customers.

Our preparation for a full entry as an MNO (Mobile Network Operator) in the market included the launch of new and improved mobile packages by adding significant data allowances at attractive prices. This resulted in an increase of c.37% of our mobile subscriber base to slightly over 22,000 post-paid and pre-paid subscribers at the end of 2020 and an increase of 153% of our 2020 mobile service revenue to €1.7 million vs. 2019. This strong endorsement by the market encouraged us to continue our investments during 2020 in mobile network-related systems and planning, successfully also acquiring 5G frequency spectrum. This new spectrum will complement our existing 4G spectrum and secure our future position as a full-scale MNO on an equal basis with the rest of the competition.

2020 was another year of strong revenue growth for Cablenet, which reached €47 million, compared to €39.8 million in 2019. This revenue growth reflects subscriber gains across all our segments (B2C and B2B) and services and products. Achieving growth in a challenging COVID-19 environment with many operational channels demonstrated the strengths of our human resources and dedication to our shareholders.

Cablenet's gross profit slightly declined to €16.2 million in 2020 (2019: €16.8 million), which resulted in an operating loss of €1.2 million in 2020 (2019: profit of €1.4 million). The performance of both metrics is the combined reflection of a number of factors but primarily of our two strategic decisions taken in 2020, offset by the impact of the COVID-19 as described below: a) to invest in the new TV Sports Rights distribution agreement that dramatically strengthened our Sports offering and b) to accelerate the investment in people and systems to serve our ambitions in the mobile market. The former has already paid off with Football having, as of December 2020, a positive contribution margin and the latter is expected to provide strong returns over the next few years.

Furthermore, with regards to the above profit margin performance, COVID-19 had an exceptional impact on our revenue (such as credit notes to customers, higher bad debt provisions) and the costs of our operations (such as extra cleaning and disinfection services, employee testing, cost of football rights, acquisition of remote working and protective equipment, etc.). The Company's conservative assessment of COVID-19's net impact on our financial performance for 2020, is composed of only costs and savings that are directly and solely attributable to the pandemic. This amounts to an adverse €0.8 million impact on our operating profit.

Chief Executive Officer's review

2020 was also marked by the first ever capital markets transaction and the issuance and listing of a €40 million ten-year bond on the Malta Stock Exchange ('MSE'). This remarkable milestone saw the first ever Cypriot company formally listed on the MSE (characterised by an oversubscription). We can now share our future success with our Malta-based bondholders.

Cablenet's 2020 capital investments amounted to €18.2 million in 2020 (2019: €20.6 million), the reduction being partly on account of prudence and the delay of certain projects due to COVID-19. In addition, remote working of our staff, partners and contractors has resulted in longer execution timelines. We plan to continue our rate of investment as we see a sustained market opportunity to generate higher growth and returns. We will however exercise discretion and prudence in the type, return profile and strategic fit of capital projects we undertake or, should conditions change again, not.

Our long-term strategic objective to become a national telecom operator in the fixed broadband space remains unchanged. The unveiling of our mobile proposition as a full Mobile service provider in 2021 will complete the foundation of our ambitious plan for the next business cycle. I strongly believe that this, combined with Cablenet's strong Brand equity and a top talent human resource create a positive momentum for executing our goals. Our unwavering commitment to providing the Cypriot consumer and business with innovative services that simplify and enhance their lives and business plans is undisputed. As our lives become increasingly digital, we will look for more ways to contribute in the societal and economic digital transformation.

I would like to close by saying that I am incredibly proud of how the Cablenet staff, as one team, rose to the incredible challenge of 2020 and for their commitment and hard work. I would also like to thank the Cablenet Board for their support and direction and the esteemed shareholders for their trust.

Yiannos Michaelides
Chief Executive Officer

Nicosia, 10 March 2021

CABLENET COMMUNICATION SYSTEMS PLC (EX. CABLENET COMMUNICATION SYSTEMS LTD)

MANAGEMENT REPORT

The Board of Directors presents its report and audited financial statements of Cablenet Communication Systems PLC (the Company) for the year ended 31 December 2020.

Incorporation and change in Company name

The Company Cablenet Communication Systems PLC (ex. Cablenet Communication Systems Ltd) was incorporated in Cyprus on 10 April 2003 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. On 15 June 2020 following special resolution, the Company going public in accordance with the Companies Law Cap. 113 and was renamed to Cablenet Communication Systems PLC.

Principal activities and nature of operations of the Company

The principal activity of the Company is the provision of television, internet connectivity and fixed and mobile telephony services.

No operations of the Company are carried out through any branch.

Review of current position, and performance of the Company's business

A review of the business of the Company during the year under review, events which took place since the end of the accounting period and an indication of likely future developments are given in the Chief Executive Officer's Review on pages 2 to 3. The net loss for the year attributable to the shareholders of the Company amounted to €2,843,411 (2019: €60,402 Net Profit). On 31 December 2020 the total assets of the Company were €91,751,549 (2019: €72,390,529) and the net assets of the Company were €13,126,490 (2019: €16,102,223). The main non-current assets of the Company consist of property, plant and equipment of €39,108,611, right of use assets of €3,460,424 and intangible assets primarily consisting of international capacity and football rights of €20,805,201. Moreover, the main current assets of the Company consist of trade and other receivables of €11,321,479 and cash and cash equivalents of €14,433,225 with current liabilities primarily consisting of trade and other payables of €17,527,434 and the football rights liability of €4,724,048. The Company's non-current liabilities primarily consist of the €40,000,000 4% unsecured bonds maturing in August 2030, with a balance of €39,405,428 as at 31 December 2020.

Review of financial performance and comparison to 2020 projections as included in Prospectus

The Company's financial results for the year ending 31 December 2020 are set out on page 24. This section compares the results achieved by the Company during the year ending 31 December 2020 ('FY2020') to the previous year ('FY2019') as well as the 2020 projections as included in the Prospectus dated 21 July 2020 ('Prospectus Projections').

The telecommunications sector in Cyprus is characterised by significant competition. During the year under review, the Company continued to increase its broadband client base by 8.62%, bringing the total customers base to slightly above 77,000 retail subscribers and slightly more than 3,400 business ones, following the expansion of the Company's network in new areas. Furthermore, the Company's TV, Sports and mobile subscribers all grew in 2020, the last two on account of the introduction of new football-related packages and new mobile telephony-related packages.

The Company is committed to keep investing in its network infrastructure so that its customers enjoy the latest technology and the best possible quality. Furthermore, during the year under review, the Company's FTTH network coverage was extended to cover another 12,000 households exceeding 20,500 households, representing approximately 6.7% of Cypriot households. Apart from the DOCSIS network coverage which has remained fairly constant at around 54% of Cypriot households, Cablenet's reach crossed during 2020 the 60% coverage threshold. Over the coming years, the Company intends to continue investing heavily in its FTTH network with the intention to cover up to 80% of the island households.

With regards to mobile, in addition to Cablenet's existing 4G mobile spectrum license, which was secured in June 2019, the Company participated in the 5G auction conducted in December 2020 and secured its own 5G mobile spectrum license as well (upfront payment paid in January 2021). The acquisition of 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's 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. Currently Cablenet operates as a Mobile Virtual Network Operator (MVNO) on the CYTA network but the conclusion of the MoU discussions with CYTA will allow Cablenet equal access to the network and the utilization of the Company's spectrum, giving Cablenet the tools, in conjunction with all the previously mentioned factors, to significantly enhance its share of the mobile services market in the coming years.

Furthermore, in the summer of 2020, Cablenet concluded a series of agreements with the two other telecom operators holding local and international football rights for Cyprus (CYTA and Primetel). The agreements provide for the three operators to make payments for each other's exclusive content. Some of these payments are equal and are set off each other, where the underlying content is deemed of equal value. Other payments are one-sided because the underlying content is provided from one operator to the other. Finally, exclusive marketing and advertising revenue collection rights have been agreed and allocated to certain of the three operators in exchange for payments to those ceding the rights. As a result of all the above, Cablenet's financial statements include revenue and costs, some of equal reciprocal nature, with an overall net income benefit, while corresponding ROU assets and liabilities, as well as prepayments have been recognised in the Balance Sheet.

Cablenet generated total revenue of €47 million in FY2020 (FY2019: €39.8 million), an increase of 18.1% on FY2019 and 8.5% on the Prospectus Projections of €43.3 million. This revenue growth reflects subscriber gains across all the Company's segments (B2C and B2B), existing and new areas and services and products, be it of a fixed or mobile distinction or of a telephony, broadband or TV one.

Cost of sales for FY2020 totalled €30.8 million (FY2019: €23.1 million), driven by the full-year cost of football rights and the impact of the agreements with CYTA and Primetel, the CYTA MVNO costs, international capacity costs, cost of equipment sold to customers as part of their contracts and higher depreciation and amortization charges. The cost of sales growth reflects the fact that two of Cablenet's lines of business (Football/Sports and Mobile) were, in 2020, only in their second year of operations and requiring additional investments to maintain their growth. The Football/Sports cost base was recast in the summer of 2020 and as it is predominantly of a fixed nature, the increase in football subscribers seen in 2020, has improved and is expected to continue to improve its contribution margin. For Mobile, while the CYTA MVNO contract has a positive contribution margin, additional investments in people and systems to conclude the Company's parallel CYTA MoU discussions were conducted in 2020.

Selling, distribution, administrative and other costs totalled €17.4 million in FY2020 (FY2019: €15.4 million) reflecting partly the elevated investments, in terms of network, people and IT systems, for the further growth of the business, partly due to the COVID 19-related impact and partly due to augmented arrangements in terms of corporate governance, following the public listing of the Company's bond.

Cablenet generated an Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) of €16.5 million in FY2020, equivalent to an increase of 13.0% on FY2019 (FY2019: €14.6 million). FY2020 EBITDA was 11.7% lower than the €18.7 million EBITDA included in the Prospectus projections. The key reason behind this was a lower amount of employee salaries being capitalised and the negative impact of COVID-19 (the direct impact of which has been estimated at c.€0.6 million at the EBITDA level). 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 slow downs 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 €23.7 million as per the Prospectus Projections, on account of a prudence driven slow down of pace of investments. Furthermore, whilst the Company has estimated the impact of COVID 19 on its business by considering directly attributable factors, an additional indirect impact on performance exists, that is harder to quantify reliably and thus has not been taken into account.

The Company registered an operating loss of €1.2 million in FY2020 in comparison to a profit of €1.4 million in FY2019, and a Loss Before Tax of €3.0 million in FY2020 (FY2019: profit before tax €0.1 million). The performance of both metrics vs. 2019 and FY2020 guidance is the combined effect of a number of factors consisting primarily of:
a) The decision to delay certain network investments and related staff work involved
b) The adverse €0.8 million impact of COVID-19
c) Adverse impairment and higher general provision charges totalling €0.2 million in agreement with the Company's external auditors

Despite these facts, the Company's operating loss for FY2020 was 10.7% lower than that projected in the Prospectus Projections amounting to €1.4 million, while the loss before tax for FY2020 was 11.0% better than the Prospectus Projections totalling €3.4 million.

Review of financial position

The Company continues to have a positive total equity of €13.1 million as at 31 December 2020 (2019: €16.1 million). The decrease is due to the loss registered in FY2020 amounting to €2.8 million (2019: Profit after tax of €60k).

The Company's total asset base stands at €91.8 million as at 31 December 2020 (2019: €72.4 million), representing an increase of €19.4 million over the prior year. The increase is mainly due to the increase in Bank deposits and cash in hand as a result of the remainder of Bond proceeds after deducting the repayment of loans due to the Bank of Cyprus Public Company Ltd and GO plc, the increase in Right-of-Use (ROU) assets and the increase in prepayments due to the football agreements with CYTA and Primetel in the summer of 2020. Total assets are 4.6% higher than the FY2020 Prospectus Projections.

Cablenet retains a good liquidity position and has access to an undrawn €4.0 million overdraft facility provided by the Bank of Cyprus.

Bond

On 21 August 2020 the Company was admitted to listing and trading in the Malta Stock Exchange via its €40,000,000 4% Unsecured Bonds 2030 of a nominal value of €1,000 per Bond issued at par. The redemption date is 21 August 2030. The company has subsequently received this amount net of Bond issue expenses and the proceeds were partly used to repay the loan with Bank of Cyprus Public Company Ltd and the loan with the shareholder GO plc. The balance of the proceeds will be used primarily for capital expenditure and for general corporate purposes.

Financial key performance indicators

	2020	**2019**
Gross Margin Gross profit to Revenue	16,178,799 / 46,979,210 = 34.44%	16,791,285 / 39,844,601 = 42.14%
Net Margin Profit before tax to Revenue	(3,029,754) / 46,979,210 = (6.45%)	139,111 / 39,844,601 = 0.35%
Return on capital Profit before tax to capital	(3,029,754) / 13,126,490 = (23.08%)	139,111 / 20,687,515 = 0.67%
Return on equity Profit before tax to Equity	(3,029,754) / 13,126,490 = (23.08%)	139,111 / 16,102,223 = 0.86%

Gross Margin

The Gross Margin has decreased by around 18.3% in comparison to 2019. As described previously, 2020 was a year where Cablenet continue to develop and invest in its two relatively new lines of business (Football TV packages and mobile services).

Net Margin

The Net Margin has significantly decreased compared to 2019 due to the loss before tax for the year. This is the result of the reasons noted above, the increase in the amortization of Football Rights (2020: €5.8 million vs 2019: €2.8 million), the increase in Depreciation/Amortization charge as well as of the increase in the interest associated with Football Rights and the Bond.

Return on Capital

The percentage of Return on Capital has also significantly decreased compared to 2019. This is due to the resulting loss before tax as a result of the reasons noted above. Capital, as per Note 7.5 of the Financial Statements, is comprised of shareholders equity and subordinated debt, such as shareholder loans. As such, Cablenet's 2020 Capital decreased by around 36.5% compared to 2019, due to the repayment of the loan by our majority shareholder GO PLC.

Return on Equity

There was a significant decrease in 2020 compared to 2019, due to the reasons noted above.

Principal risks and uncertainties

The principal risks and uncertainties faced by the Company are disclosed innotes 7 and 8 of the financial statements.

Future developments of the Company

The Board of Directors does not expect any significant changes or developments in the operations, financial position and performance of the Company in the foreseeable future.

Impact of COVID-19 on the financial results and projections

It is not possible for the Company to assess with any certainty the full implications of COVID-19 on the Company, either in terms of how long the current crisis may continue or in terms of its impact, potential or actual, on the Company's business. Management assessed the impact of COVID-19 on the Company's 2020 financial performance, with said impact including only of costs and benefits directly and solely attributable to COVID-19 and being equivalent to an adverse €0.8 million impact on Cablenet's operating profit. Furthermore, as of the date of this report, one year into the COVID-19 pandemic, management has concluded and the Board concurs that the demand for the Company's services from customers has not been materially impacted.

Going forward, in view of the fact that 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, the Company does not foresee any major adverse effects from the pandemic which 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.

With regards to collections from customers, the Company granted credit extensions and waivers to business customers that were forced to shut down or otherwise materially impacted and, on some months, did not terminate retail or business customers for non-payment as it would have under normal circumstances. Consequently, bad debt provisions increased in 2020 and the Company cannot exclude the possibility of bad debts further increasing but the situation is closely monitored. However, it should be noted that the majority of Cablenet’s revenue is on a pre-paid basis and thus due before the invoiced month begins, while minimizing the Company’s out-of-pocket risk.

The Company has not modified its reporting methodology and standards in response to COVID-19’s impact on its business and operations. It has also determined that no impairment to assets (fixed assets, receivables, inventory) is necessary, over and above the increase in bad debt provisions booked in 2020.

On the basis of the evaluation performed, the Company’s management has concluded that no provisions or impairment charges are necessary. The Company’s management also believes that it is taking all the necessary measures to maintain the viability of the Company and the smooth conduct of its operations in the current business and economic environment.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates as the Company has no significant interest-bearing assets. The Company is exposed to interest rate risk in relation to its non-current borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities - primarily trade receivables and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

Credit risk related to trade receivables: This is managed based on established policies, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal ratings. Credit quality of the customer is assessed and outstanding customer receivables are regularly monitored. The Company does not hold collateral as security. It should be noted that the majority of Cablenet’s revenue is on a pre-paid basis and thus due before the invoiced month begins, while minimizing the Company’s out-of-pocket risk.

Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

Anti-corruption and bribery matters

The Company is committed to comply with the local legislation and avoid corruption in any form, including bribery. All Company’s procedures and policies are built to ensure that this is achieved and that high ethical standards are maintained.

The Company, realizing the adverse impact of any such incident could have on its reputation and its profitability, is constantly aiming to avoid such incidents not only within the organization but also within its collaborators. Thus, through the procedures set, the Company makes sure that its suppliers comply with the legislation and maintain high ethical standards.

Results and Dividends

The Company's results for the year are set out on page 24. The net loss for the year is carried forward.

The Board of Directors does not recommend the payment of a dividend (2019: €1,492,985).

Share capital

The authorised share capital of the Company is six million eight hundred and forty thousand euro (€6,840,000) divided into four million (4,000,000) shares of €1.71 each share.

The issued share capital of the Company is five million seven hundred and forty nine thousand, nine hundred and ninety five euro (€5,749,995) divided into three million three hundred and sixty two thousand five hundred and seventy (3,362,570) ordinary shares of €1.71 each share, which have been subscribed for and allotted fully paid up. The issued shares of the Company consist of one class of ordinary shares with equal voting rights attached

On 15 October 2020, 64,814 ordinary shares at €1.71 each were sold from Mr. Nicolas Shiacolas to GO plc with the new holdings to be as follows:

GO plc – 62.2%

Nicolas Shiacolas – 37.8%

There were no other changes in the share capital of the Company during the year.

Events after the reporting period

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

Board of Directors

The Directors who served on the Board during the year under review or up to the date of this report are listed hereunder.

Nicolas Shiacolas (Appointed Chairman on 15 June 2020)
Nikhil Prakash Patil
Samir Saied (Appointed on 20 May 2020)
Faker Hnid
Paul Testaferrata Moroni Viani
Michael Warrington (Appointed on 15 June 2020)
Neoclis Nicolaou (Appointed on 15 June 2020)
Yiannos Michaelides (Appointed on 27 November 2020)
Iosif Iosifakis
Periklis Theodoridis (Resigned on 15 October 2020)
Mohamed Fadhel Kraiem (Resigned on 17 February 2020)

In accordance with the Company's Articles of Association all Directors presently members of the Board continue in office.

There were no significant changes in the assignment of responsibilities of the Board of Directors

The Board is composed of executive as well as of non-executive Directors. The determination of remuneration arrangements for Board members is a matter reserved for the Board as a whole. The total amount paid in 2020 was €886,584.

Disclosure of information to the auditor

At the date of making this report the directors confirm the following:

- As far as each director is aware, there is no relevant information needed by the independent auditor in connection with preparing the audit report of which the independent auditor is unaware, and
- Each director has taken all steps that he ought to have taken as a director in order to make himself aware of any relevant information needed by the independent auditor in connection with preparing the audit report and to establish that the independent auditor is aware of that information.

Going concern statement pursuant to Listing Rule 5.62

The Directors, as required by the Listing Rule 5.62, have considered the Company's operating performance, the statement of financial position at year end, as well as the business plan for the coming year, and they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, in preparing the financial statements, they continue to adopt the going concern basis.

Auditors

Grant Thornton (Cyprus) Limited, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,

Nicolas Shiacolas	Nikhil Prakash Patil
Chairman of the Board	Director

Nicosia, 10 March 2021

CABLENET COMMUNICATION SYSTEMS PLC (EX. CABLENET COMMUNICATION SYSTEMS LTD)

STATEMENT OF THE MEMBERS OF THE BOARD OF DIRECTORS RESPONSIBILITIES

The Directors are required by the Cyprus Companies Law, Cap.113 to prepare financial statements in accordance with International Financial Reporting Standards as adopted by the EU which give a true and fair view of the state of affairs of the Company as at the end of each reporting period and of the profit and loss for that period.

In preparing the financial statements, the Directors are responsible for:

- ensuring that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the EU;
- selecting and applying consistently suitable accounting policies;
- making accounting judgements and estimates that are reasonable; and
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Company will continue in business as a going concern.

The Directors are also responsible for designing, implementing and maintaining such internal control as they deem necessary for the preparation of financial statements that are free from financial misstatements, whether due to fraud or error, and that comply with the Cyprus Companies Law, Cap.113. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements of Cablenet Communication Systems PLC for the year ended 31 December 2020 are included in the Annual Report 2020, which is available on the Company's website. The Directors are responsible for the maintenance and integrity of the Annual Report on the website in view of their responsibility for the controls over, and the security of, the website. Access to information published on the Company's website is available in other countries and jurisdictions, where legislation governing the preparation and dissemination of financial statements may differ from requirements or practice in Cyprus.

By order of the Board of Directors,

Nicolas Shiacolas Chairman of the Board	Nikhil Prakash Patil Director

Nicosia, 10 March 2021

CABLENET COMMUNICATION SYSTEMS PLC (EX. CABLENET COMMUNICATION SYSTEMS LTD)

STATEMENT BY DIRECTORS ON THE FINANCIAL STATEMENTS AND OTHER INFORMATION INCLUDED IN THE REPORT

Pursuant to Listing Rule 5.68, we, the undersigned, declare that to the best of our knowledge, the financial statements included in the Annual Report, and prepared in accordance with the requirements of International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Company, and that this report includes a fair review of the development and performance of the business and position of the Company, together with a description of the principal risks and uncertainties that it faces.

By order of the Board of Directors

Nicolas Shiacolas	Nikhil Prakash Patil
Chairman of the Board	Director

Nicosia, 10 March 2021

CABLENET COMMUNICATION SYSTEMS PLC (EX. CABLENET COMMUNICATION SYSTEMS LTD)

STATEMENT BY THE DIRECTORS ON COMPLIANCE WITH THE CODE OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

Introduction

The Listing Rules issued by the Listing Authority of the Malta Financial Services Authority, require listed companies to observe The Code of Principles of Good Corporate Governance (the 'Code'). Although the adoption of the Code is not obligatory, Listed Companies are required to include in their Annual Report, a Directors' Statement of compliance which deals with the extent to which the Company has adopted the Code of Principles of Good Corporate Governance and the effective measures that the Company has taken to ensure compliance with the Code, accompanied by a report of the auditors thereon.

Compliance

The Board of Directors (the 'Board') of Cablenet Communication Systems PLC ('the Company') believes in the adoption of the Code except where the size and/or particular circumstances of the Company are deemed by the Board not to warrant the implementation of specific recommendations. In this context it is relevant to note that: (a) the majority shareholder of the Company is GO plc, which is a company listed on the Malta Stock Exchange which has a strong corporate governance in place; (b) the Company issued its debt securities on 21 August 2020 and therefore this is the first Annual Report which include such statement of compliance.

The Board

The Board of Directors is responsible for devising a strategy, setting policies and the management of the Company. Directors, individually and collectively, are of appropriate calibre, with the necessary skill and experience to assist them in providing leadership, integrity and judgement in directing the Company towards the maximisation of shareholder value. It is also responsible for reviewing internal control procedures, financial performance and business risks facing the Company. The Board is also responsible for decisions relating to the redemption of the Bond, and for monitoring that its operations are in conformity with the Prospectus and all relevant rules and regulations.

Following the issue of debt securities on 21 August 2020, the Board has monitored the performance of the Company. The Company has a structure that ensures a mix of executive and non-executive directors and that enables the Board to have direct information about the Company's performance and business activities.

Chairman and Chief Executive Officer

The functions of the Chairman and Chief Executive Officer are vested in separate individuals as recommended by the Code. The Chairman's main function is to lead the board, set the agenda and ensure that all board members partake in discussions of complex and contentious issues.

Complement of the Board

The Board is composed of nine Directors, two of which are executive directors and seven are non-executive Directors, as listed below. The Board of Directors is currently chaired by Nicolas Shiacolas and the Company Secretary (Dr. Francis Galea Salomone) attends all meetings as well.

Executive Directors

Yiannos Michaelides (Appointed on 27 November 2020)
Iosif Iosifakis
Periklis Theodoridis (Resigned on 15 October 2020)

Non-executive Directors

Nicolas Shiacolas (Appointed Chairman on 15 June 2020)
Nikhil Prakash Patil
Samir Saied (Appointed on 20 May 2020)
Faker Hnid
Paul Testaferrata Moroni Viani
Mohamed Fadhel Kraiem (Resigned on 17 February 2020)

Independent, Non-executive Director

Michael Warrington (Appointed on 15 June 2020)
Neoclis Nicolaou (Appointed on 15 June 2020)

For the purposes of the provisions of the Code, the Board considers Michael Warrington and Neoclis Nicolaou as independent.

The Directors shall be appointed or elected in accordance with Regulations 95 and 96, subject always to Regulation 80 of the Articles of Association of the Company. All Directors shall retire from office at each General Meeting and shall be eligible for re-election or re-appointment.

Internal controls

The Board is responsible for the Company's system of internal controls and for reviewing their effectiveness, with clear allocation of responsibilities, framework of requisite approvals and delegation of powers between the Board and Management. Such a system is designed to achieve business objectives and to manage rather than to eliminate the risk of failure to achieve business objectives and can only provide reasonable assurance against material error, losses or fraud.

The Company is committed to the highest standards of business conduct and seeks to maintain these standards across all of its operations. Company policies and employee procedures are in place for the reporting and resolution of fraudulent activities.

The Company has an appropriate organisational structure for planning, executing, controlling and monitoring business operations in order to achieve its objectives.

The Company has implemented control procedures designed to ensure complete and accurate accounting for financial transactions and to limit the potential exposure to loss of assets or fraud. Measures taken include physical controls, segregation of duties and reviews by management, internal audit and the external auditors.

Management is responsible for the identification and evaluation of key risks applicable to their areas of business. These risks are assessed on a continual basis and may be associated with a variety of internal or external sources including control breakdowns, disruption in information systems, competition, natural catastrophe and regulatory requirements.

Composition of the Board and Committees

The Board believes it has systems in place to fully comply with the principles of the Code. Directors meet regularly, mainly to review the financial performance of the Company and to review internal control processes. Board members are notified of forthcoming meetings by the Company Secretary with the issue of an agenda and supporting Board papers, which are circulated well in advance of the meeting. All the directors have access to independent professional advice at the Company's expense should they so require.

The Directors are obliged to keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with that of the Company. The Board member concerned shall not take part in the assessment by the Board as to whether a conflict of interest exists. A Director shall not vote in respect of any contract, arrangement, transaction or proposal in which he has a material interest.

STATEMENT BY THE DIRECTORS ON COMPLIANCE WITH THE CODE OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

The Board formally met sixteen (16) times during the period under review. The number of board members attended by directors for the period ended 31 December 2020 is as follows:

	Meetings
Yiannos Michaelides	1
Iosif Iosifakis	16
Nicolas Shiacolas	16
Nikhil Prakash Patil	16
Samir Saied	10
Faker Hnid	14
Paul Testaferrata Moroni Viani	16
Michael Warrington	8
Neoclis Nicolaou	9
Periklis Theodoridis	9
Mohamed Fadhel Kraiem	1

Committees

The Directors believe that, due to the Company's size and operation, the remuneration, evaluation and nominations committees that are suggested in the Code are not required, and that the function of these can efficiently be undertaken by the Board itself. However, going forward, the Board shall on an annual basis undertake a review of the remuneration paid to the Directors and shall carry out an evaluation of their performance and of the audit committee. The shareholders approve the remuneration paid to the Directors at the annual general meeting.

Audit Committee

The Board has established an Audit Committee ('the Committee') with the purpose of the Committee being the protection of the interests of the Company's share and bond holders and assist the Directors in conducting their role effectively. The Audit Committee also monitors the financial reporting process, the effectiveness of internal control and the external audit of the annual financial statements. Additionally, it is responsible for monitoring that the projections are achieved and if not, corrective actions are taken as necessary. It also scrutinises and supervises related party transactions for materiality and ensures that these are carried out at arm's length basis.

The Members of the Audit Committee

Mr Michael Warrington acts as Chairman and Mr Nikhil Prakash Patil and Mr Neoclis Nicolaou act as members. The company secretary, Dr. Francis Galea Salomone acts as secretary to the committee.

During the year under review, the committee met 2 times between 21 August 2020 and 31 December 2020.

The Audit Committee members are independent and non-executive directors on the Board, with the exception of Mr. Patil who is a non-executive director but not independent. Furthermore, in terms of Listing Rule 5.118, Mr Michael Warrington is the independent non-executive director of the Company who the Board considers to be competent in accounting and/or auditing in terms of the Listing Rules. The Chief Financial Officer and the external auditors of the Company attend the meetings of the Committee by invitation. Other executives are requested to attend when required.

Remuneration Statement

The directors received €886,584 (2019: €565,426) in aggregate for services rendered during the year 31 December 2020. Going forward, it is the shareholders of the Company in General Meeting who shall determine the maximum annual aggregate remuneration of the directors.

Yiannos Michaelides and Iosif Iosifakis are employed by the Company and have a service contract with the Company. All the other directors do not have a service contract with the Company.

STATEMENT BY THE DIRECTORS ON COMPLIANCE WITH THE CODE OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

Relations with bondholders and the market

The Company prepares annual financial statements. Following the listing of the Company's financial in August 2020, the Company shall publish interim and annual financial statements and, when required, company announcements. The Board feels these provide the market with adequate information about its activities.

Conflicts of interest

On joining the Board, the directors and officers of the Company were informed of their obligations on dealing in securities of the Company within the parameters of law and Listing Rules. The Company has also set reporting procedures in line with the Listing Rules, the Code and internal code of dealings.

Signed on behalf of the Board of Directors on 10 March 2021 by:

Michael Warrington	Nicolas Shiacolas
Chairman of the Audit Committee	Chairman of the Board

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Independent Auditor's Report to the Members of Cablenet Communication Systems PLC (ex. Cablenet Communication Systems Ltd)

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Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Cablenet Communication Systems PLC (ex. Cablenet Communication Systems Ltd) (the "Company"), which are presented in pages 24 to 65 and comprise the statement of financial position as at 31 December 2020, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We remained independent of the Company throughout the period of our appointment in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters incorporating the most significant risks of material misstatements, including assessed risk of material misstatements due to fraud

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report (continued)

to the Members of Cablenet Communication Systems PLC (ex. Cablenet Communication Systems Ltd)

Key audit matter	How our audit addressed the Key audit matter
Accuracy of the Company's revenue due to complex billing systems and revenue recognition.	
The accuracy of revenue amounts recorded is an inherent industry risk. This is because telecom billing systems are complex and process large volumes of data with a combination of different services and products sold and tariff changes during the year, through a number of different systems. There are multiple products sold at multiple rates with varying pricing structures in place. Products represent a combination of service based products, such as fixed line telephony, as well as goods, such as the provision of mobile handsets. There are monthly tariff based charges. The revenue recognition of non-long term contract revenue is not subject to significant judgement. However, due to the large number of transactions and complexity of the billing systems, these are considered to be the areas that have the greatest effect on our audit. Relevant references in the Annual Report and Financial Statements: • Accounting policy: Note 5 - Revenue	We evaluated the relevant systems and the design of controls, and tested the operating adequacy of automated and non-automated controls over the: • capture and recording of revenue transactions comprising services supplied to customers; • authorisation of tariff changes and the input of this information to the billing systems We performed test of controls for revenue by selecting a statistical sample of agreements and examined evidence that the recorded details agreed to source of documents. We ensured that the charges made to the clients were based on the signed agreements obtained from Company. We performed test of controls to ensure billing is carried out for all services provided. We carried out appropriate substantive analytical procedures and developed expectations. We compared expectations against the recorded amounts. No unreasonable or significant deviations identified. We tested the validity of data separately to ensure completeness and accuracy by testing for gaps and duplicates in customer agreements and in sales invoice numbers. We evaluated the Company's revenue recognition policy and the Board of Director's current year assessment in respect of accounting for bundled transactions against relevant accounting standards and guidance taking cognisance of IFRS 15, 'Revenue from contracts with customers'. We tested the policy's implementation by: • performing tests to confirm our understanding of the process by which revenue is calculated by the relevant billing systems as reflected above; • performing an assessment of the different product bundles and offers made available to customers during the year and confirming the fair value of the different elements of these packages to appropriate evidence of fair value; • assessing whether revenue should be accelerated or deferred based on the relative fair value of elements delivered at different points during the contract, when compared to the revenue calculated by the relevant billing system;

In respect of this key audit matter, we did not find significant exceptions in our controls testing and no material misstatements were identified in our substantive testing.

Key audit matter	How our audit addressed the Key audit matter
Assessment of carrying amount of football rights	
Football rights included within intangible assets with a carrying amount of €8,489,785 as at 31 December 2020, have arisen from the signing of contracts with certain football clubs in Cyprus to broadcast matches effective from 1 July 2019 and for a period of 35 months.	We evaluated the suitability and appropriateness of the impairment methodology applied and the discounted cash flow model as prepared by Board of Directors. We assessed the methodology and assumptions used by utilising our valuation experts.
Valuation of the intangible asset involves development of accounting estimates, assumptions, and degree of judgement.	We obtained the Company's future cash flow analysis for the associated asset as determined by Board of directors.
The Company follows the guidance of IAS38 for intangible assets recognition and guidance of IAS36 in determining when football rights need to be impaired.	We determined whether the estimated future cash flows expected to be generated by the asset being evaluated are reasonable.
This determination requires significant judgment. In making this judgment, the Company compares the carrying amount with the recoverable amount (higher of value in use (VIU) & Fair Value less costs to sell).	Board of Director's cash flow forecasts used in the model were assessed by: • testing that the forecasts agreed to the most recent business plan which had been approved by the Board of Directors;
Value in use represents the present value of the future cash flows expected to be delivered from the continuing use of the asset at the end of its useful life.	• considering number of subscribers between actual and Board of directors' plan;
The calculation of Value in use for football rights was based on estimated future cash flows, including assumptions around revenue growth, discounted at an appropriate weighted average cost of capital.	• assessing historical forecasting accuracy through back-testing by reviewing the historical achievement of the business plan given the uncertainties in forecasting, comparing the actual historical cash flow results with previous forecasts,
The assumptions supporting the underlying forecast cash flows reflect significant judgements as these are affected by unexpected future market or economic conditions. The estimation of future cash flows and the level to which they are discounted is inherently uncertain and requires judgement. The extent of judgement and the size of football rights resulted in this matter being identified as an area of audit focus.	We concluded that the parameters utilised by the Company were reasonable. Our independent valuation experts critically assessed the discount rate and terminal growth rates used in the discounted cash flow models. We compared the carrying amount with the present value of the future cash flows expected to be derived from the continuing use of the asset (recoverable amount).

Independent Auditor's Report (continued)

to the Members of Cablenet Communication Systems PLC (ex. Cablenet Communication Systems Ltd)

Key audit matter	How our audit addressed the Key audit matter
Relevant references in the Financial Statements: • Accounting policy: Note: 5 Intangibles and Footballs Rights • Critical accounting estimates judgements and assumptions: Note: 8 • Note on intangible assets: Note: 19	Based on the scope of their work, they have evaluated and assessed Board of Directors' methodologies and assumptions used in developing and applying the estimated discount rate to conclude a fair value, given the characteristics of the Asset being measured and considering the facts and circumstances present as of the Valuation Date. They reviewed the calculation of weighted average cost of capital by making reference to market data and benchmarked the long-term growth rates to market data. They concluded that the parameters utilised by the Company were reasonable, given historic results, economic outlook, industry forecasts and other market data. We performed a sensitivity analysis making adjustments to a number of modelled assumptions. We critically assessed whether or not a reasonably possible change to the assumptions could result in an impairment considering the sensitivity of the valuations to these assumptions. We have performed a change in the WACC percentage to assess whether or not a reasonably possible change to the WACC rate result in an impairment. The value in use remains in excess of the carrying amounts by a comfortable headroom. We assessed the appropriateness of disclosures made in relation to football rights.

Reporting on other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Chief Executive Officer's report, the Management Report and the Statement of the members of the Board of Directors responsibilities, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and those charged with governance for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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Independent Auditor's Report (continued)

to the Members of Cablenet Communication Systems PLC (ex. Cablenet Communication Systems Ltd)

Responsibilities of the Board of Directors and those charged with governance for the Financial Statements (continued)

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

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Independent Auditor's Report (continued)

to the Members of Cablenet Communication Systems PLC (ex. Cablenet Communication Systems Ltd)

Report on Other Legal and Regulatory Requirements

Report on the statement of compliance with the Principles of Good Corporate Governance

The Listing Rules issued by the Malta Listing Authority (the "Listing Rules") require the directors to prepare and include in their Annual Report a Corporate governance statement providing an explanation of the extent to which they have adopted the Code of Principles of Good Corporate Governance and the effective measures that they have taken to ensure compliance throughout the accounting period with those Principles.

The Listing Rules also require us, as the auditor of the Company, to include a report on the Statement of Compliance prepared by the directors.

We read the Statement of Compliance with the Code of Principles of Good Corporate Governance and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements included in the Annual Report. Our responsibilities do not extend to considering whether this statement is consistent with any other information included in the Annual Report.

We are not required to, and we do not, consider whether the Board's statements on internal control included in the Statement of Compliance with the Code of Principles of Good Corporate Governance cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

In our opinion, the Corporate governance statement set out on pages 13 to 16 has been properly prepared in accordance with the requirements of the Listing Rules.

Pursuant to the requirements of Article 10(2) of the EU Regulation 537/2014 we provide the following information in our Independent Auditor's Report, which is required in addition to the requirements of International Standards on Auditing.

Appointment of the Auditor and Period of Engagement

We were first appointed as auditors of the Company on 3 December 2008 for the year ended 31 December 2006 by the shareholder of the Company. Our appointment has been renewed annually by shareholder resolution representing a total period of uninterrupted engagement appointment of 15 years.

Consistency of the Additional Report to the Audit Committee

We confirm that our audit opinion on the financial statements expressed in this report is consistent with the additional report to the Audit Committee of the Company, which we issued on 10 March 2021 in accordance with Article 11 of the EU Regulation 537/2014.

Provision of Non-audit Services

We declare that no prohibited non-audit services referred to in Article 5 of the EU Regulation 537/2014 and Section 72 of the Auditors Law of 2017 were provided. In addition, there are no non-audit services which were provided by us to the Company and which have not been disclosed in the financial statements or the Management Report.

Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, based on the work undertaken in the course of our audit, the Management Report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the financial statements.
- In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Management Report. We have nothing to report in this respect.

Grant Thornton

Independent Auditor's Report (continued)

to the Members of Cablenet Communication Systems PLC (ex. Cablenet Communication Systems Ltd)

Report on Other Legal and Regulatory Requirements (continued)

- In our opinion, based on the work undertaken in the course of our audit, the information included in the corporate governance statement in accordance with the requirements of subparagraphs (iv) and (v) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113, and which is included as a specific section of the Management Report, has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap, 113, and is consistent with the financial statements.
- In our opinion, based on the work undertaken in the course of our audit, the corporate governance statement includes all information referred to in subparagraphs (i), (ii), (iii), (vi) and (vii) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113.
- In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the corporate governance statement in relation to the information disclosed for items (iv) and (v) of subparagraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113. We have nothing to report in this respect.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Article 10(1) of the EU Regulation 537/2014 and Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

The engagement partner on the audit resulting in this independent auditor's report is Froso Yiangoulli.

Froso Yiangoulli

Froso Yiangoulli
Certified Public Accountant and Registered Auditor
for and on behalf of
Grant Thornton (Cyprus) Limited
Certified Public Accountants and Registered Auditors

Nicosia, 10 March 2021

CABLENET COMMUNICATION SYSTEMS PLC (EX. CABLENET COMMUNICATION SYSTEMS LTD)

STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2020

	Note	**2020** €	**2019** €
Revenue	9	46,979,210	39,844,601
Cost of sales	10	(30,800,411)	(23,053,316)
Gross profit		**16,178,799**	16,791,285
Other operating income	11	57,452	196,076
Selling and distribution expenses	12	(4,996,583)	(4,747,079)
Administration expenses	13	(12,461,041)	(10,807,247)
Operating (loss)/profit		**(1,221,373)**	1,433,035
Finance income	15	7,572	1
Finance costs	15	(1,815,953)	(1,293,925)
(Loss)/profit before tax		**(3,029,754)**	139,111
Tax	16	186,343	(78,709)
Net (loss)/profit for the year		**(2,843,411)**	60,402
Other comprehensive income		-	-
Total comprehensive income for the year		**(2,843,411)**	60,402

STATEMENT OF FINANCIAL POSITION
31 December 2020

	Note	2020 €	2019 €
ASSETS			
Non-current assets			
Property, plant and equipment	17	39,108,611	35,720,331
Right-of-use assets	18	3,460,424	3,600,095
Intangible assets	19	20,805,201	25,906,181
Trade and other receivables	21	2,359,000	-
Deferred tax assets	27	184,862	-
		65,918,098	65,226,607
Current assets			
Inventories	20	78,747	15,902
Trade and other receivables	21	11,321,479	6,860,913
Cash and cash equivalents	22	14,433,225	287,107
		25,833,451	7,163,922
Total assets		**91,751,549**	72,390,529
EQUITY AND LIABILITIES			
Equity			
Share capital	23	5,749,995	5,749,995
Other reserves	24	26,393,078	26,393,078
Accumulated losses		(19,016,583)	(16,040,850)
Total equity		**13,126,490**	16,102,223
Non-current liabilities			
Borrowings	25	39,405,428	17,362,579
Lease liabilities	26	2,521,060	2,776,743
Trade and other payables	28	10,051,791	7,452,179
Football rights liability	29	2,419,278	6,110,443
		54,397,557	33,701,944
Current liabilities			
Trade and other payables	28	17,527,434	12,228,170
Borrowings	25	1,037,360	5,458,840
Lease liabilities	26	938,660	815,919
Football rights liability	29	4,724,048	4,053,243
Current tax liabilities	30	-	30,190
		24,227,502	22,586,362
Total liabilities		**78,625,059**	56,288,306
Total equity and liabilities		**91,751,549**	72,390,529

These financial statements were approved by the board of directors, authorised for issue on 10 March 2021 and signed on its behalf by:

....	....	....
Nicolas Shiacolas	Nikhil Prakash Patil	Yiannos Michaelides
Chairman of the Board	Director	Director

The notes on pages 28 to 65 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2020

	Note	Share capital €	Other reserves (Note 24) €	Accumulated losses €	Total €
Balance at 1 January 2019		4,663,637	10,758,428	(14,608,267)	813,798
Comprehensive income					
Net profit for the year		-	-	60,402	60,402
Total comprehensive income for the year		-	-	60,402	60,402
Transactions with owners					
Issue of share capital	23	1,086,358	15,634,650	-	16,721,008
Dividends	31	-	-	(1,492,985)	(1,492,985)
Total transactions with owners		1,086,358	15,634,650	(1,492,985)	15,228,023
Balance at 31 December 2019/ 1 January 2020		5,749,995	26,393,078	(16,040,850)	16,102,223
Comprehensive income					
Net loss for the year		-	-	(2,843,411)	(2,843,411)
Total comprehensive income for the year		-	-	(2,843,411)	(2,843,411)
Transactions with owners					
Defence and GHS contribution on deemed distribution	31	-	-	(132,322)	(132,322)
Total transactions with owners		-	-	(132,322)	(132,322)
Balance at 31 December 2020		5,749,995	26,393,078	(19,016,583)	13,126,490

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 17% will be payable on such deemed dividends to the extent that the ultimate shareholders are both Cyprus tax resident and Cyprus domiciled. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

CABLENET COMMUNICATION SYSTEMS PLC (EX. CABLENET COMMUNICATION SYSTEMS LTD)

STATEMENT OF CASH FLOWS
Year ended 31 December 2020

	Note	**2020**	**2019**
		€	€
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before tax		(3,029,754)	139,111
Adjustments for:			
Depreciation of property, plant and equipment	17	8,647,994	7,845,082
Amortisation of intangible assets	19	8,084,900	4,731,586
Depreciation Right-of-use assets	19	927,272	782,178
Profit from the sale of property, plant and equipment		(1,113)	(978)
Interest income	15	-	(1)
Interest expense	15	1,443,771	1,046,235
Bank loan transaction costs		85,545	12,832
		16,158,615	14,556,045
Changes in working capital:			
(Increase)/decrease in inventories		(62,845)	3,022
Increase in trade and other receivables		(6,819,566)	(1,820,613)
Increase in restricted bank deposits		(5,860,000)	-
Increase in trade and other payables		7,766,554	3,079,652
Cash generated from operations		**11,182,758**	15,818,106
Tax paid		(28,709)	(57,720)
Net cash generated from operating activities		**11,154,049**	15,760,386
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of intangible assets	19	(2,234,017)	(1,344,069)
Payment for purchase of property, plant and equipment	17	(12,039,689)	(13,071,424)
Payment for football rights		(3,967,147)	(6,192,500)
Proceeds from disposal of property, plant and equipment	17	1,122	1,000
Interest received		-	1
Net cash used in investing activities		**(18,239,731)**	(20,606,992)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		-	16,721,008
Repayments of borrowings		(14,501,539)	(500,000)
Repayment of loans from shareholders		(7,035,897)	(16,721,008)
Payments of leases liabilities		(920,543)	(789,608)
Proceeds from borrowings		42,450,605	5,375,000
Interest paid		(1,325,001)	(823,503)
Net cash generated from financing activities		**18,667,625**	3,261,889
Net increase/(decrease) in cash and cash equivalents		**11,581,943**	(1,584,717)
Cash and cash equivalents at beginning of the year		(3,533,026)	(1,948,309)
Cash and cash equivalents at end of the year	22	**8,048,917**	(3,533,026)

1. Incorporation and principal activities

Country of incorporation

The Company Cablenet Communication Systems PLC (ex. Cablenet Communication Systems Ltd) (the "Company") was incorporated in Cyprus on 10 April 2003 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 41-49 Agiou Nicolaou Street, Block A, Nimeli Court, 2nd Floor, 2408 Egkomi, Nicosia, Cyprus. On 25 June 2020, the Company converted into a public company under the provision of the Cyprus Companies Law, Cap. 113. On 21 August 2020, the Company was formally listed on the Malta Stock Exchange, marking the success of a bond offering.

Change of Company name

On 25 June 2020, the Company changed its name from Cablenet Communication Systems Ltd to Cablenet Communication Systems PLC.

Principal activities

The principal activity of the Company is the provision of television, internet connectivity and fixed and mobile telephony services.

Operating Environment of the Company

With the recent and rapid development of the Coronavirus disease (COVID-19) pandemic the world economy entered a period of unprecedented health care crisis that has caused considerable global disruption in business activities and everyday life.

Many countries have adopted extraordinary and economically costly containment measures. Certain countries have required companies to limit or even suspend normal business operations. Governments have implemented restrictions on travelling as well as strict quarantine measures throughout the year.

In Cyprus, on 15 March 2020, the Council of Ministers in an extraordinary meeting, announced that it considers that Cyprus is entering a state of emergency considering the uncertain situation as it unfolds daily, the growing spread of COVID-19 outbreak and the World Health Organization's data on the situation.

To this end, certain measures have been taken by the Republic of Cyprus since then with a view to safeguarding public health and ensuring the economic survival of working people, businesses, vulnerable groups and the economy at large.

New entry regulations have been applied with regards to protecting the population from a further spread of the disease which tightened the entry of individuals to the Republic of Cyprus within the year.

In parallel, governments, including the Republic of Cyprus, introduced various financial support schemes in response to the economic impacts of the COVID-19 coronavirus pandemic. The Company has not applied for such government assistance. The details of all the arrangements that might be available to the Company and the period throughout which they will remain available are continuing to evolve and remain subject to uncertainty. The Company is continuing to assess the implications for its business when these arrangements are no longer available and has reflected their impact in its stress-scenarios for going concern purposes.

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty though, due to the pace at which the outbreak expands and the high level of uncertainties arising from the inability to reliably predict the outcome. The Board of Directors' current expectations and estimates could differ from actual results.

The Board of Directors has considered the unique circumstances and the risk exposures of the Company and has concluded that there is no significant impact in the Company's profitability position. The event have an increase in the Expected Credit Loss allowance and specific provision for bad debts on trade receivables.

Judgements made in assessing the impact of COVID-19 on the financial statements:

- assumptions within our expected credit losses on trade receivables (Note 7)
- impairment of contract assets (Note 7)
- impact on future cash flows included within value in use calculations used in impairment assessments (Note 8)

The Company's Board of Directors believes that it is taking all the necessary measures to maintain the viability of the Company and the development of its business in the current business and economic environment.

2. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113. The financial statements have been prepared under the historical cost convention.

3. Functional and presentation currency

The financial statements are presented in Euro (€) which is the functional currency of the Company.

4. Adoption of new or revised standards and interpretations

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2020. This adoption did not have a material effect on the accounting policies of the Company.

5. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

Going concern basis

The Company incurred a loss of €2,843,411 for the year ended 31 December 2020. The Company is in a loss position with accumulated losses amounted to €19,016,583. This is the result of the Company's growth development strategy. For instance, during 2020, €8,744,452 was invested in the expansion of and additions to Cablenet's fixed network and similarly additional resources were deployed towards enhancing and increasing the appeal and sales of mobile telephony and TV services and the production and sale of Sports content.

Financial position

As at 31 December 2020, the Company's current assets exceeded its current liabilities by €1,605,949.

Relevant factors considered:

- The Company can obtain additional borrowings in order to meet or re finance its obligations as and when they fall due. The total approved limit of the overdraft facilities of the Company as at 31 December 2020 was €4 million. It has the whole amount available. As at 31 December 2020, the Company's cash equivalents were positive with their amounting to €8,048,917 excluding restricted cash deposits.
- The Company's cash equivalents exclude restricted deposits of €5,860,000. These deposits act as collateral for issued short-term letters of guarantee and are expected to be partly released back to the Company's liquidity in 2021.

5. Significant accounting policies (continued)

- Included in current liabilities are the amounts of Deferred Subscription Income - €9.4m and of Deferred Income relating to EU projects - €146,000. No cash outflow is expected for these amounts.

- Future borrowings may be sourced from third parties or from the Company's shareholders, with the latter's availability having been concretely demonstrated in the past.

Cash flows

For the year ended 31 December 2020, the cash and cash equivalents increased by €11,581,943. As at 31 December 2020, the Company's cash equivalents were positive with their amounting to €8,048,917.

Relevant factors considered:

- The conditions and dynamics that have allowed Cablenet to significantly grow its revenue and market share in the Cypriot market, as it has done in past years, remain in place.

- The €40m Maltese Stock Exchange bond issuance in August 2020 was the funding component of the Company's strategic decision to continue investing in the growth of its market share, scale and capabilities. However, we expect to retain a portion of the proceeds as cash on the balance sheet to allow us the flexibility needed to react to any changing circumstances in the market.

- The Company has cash and cash equivalents as at 31 December 2020 an amount of €8m which comes from the issue of the bond (€40m) which will be used for its expansions and capital expenditure.

- The total revenue of the Company is expected to continue increasing at rates comparable to those of the prior year (2020: increased by €7.1m). The expected increase is a result of a) increasing the number of clients and services sold to them within existing network areas, b) the expansion of the network's coverage to other new areas allowing us as a result to increase the number of subscribers and services from those as well, c) further increase in the number of mobile telephony subscribers and d) additional revenue streams from new B2B services, sports rights and advertising.

- The Board of Directors of the Company expects that the profitability potential of the Company will be improved through strategies applied in order to a) increase the number of customers and revenue at a faster rate than that of our fixed and variable costs, b) shift some capital away from investments with long pay-out profiles to those with shorter ones, c) expand its presence in the mobile telephony market. The latter represents the majority of the Cypriot telecom market's revenue and given this size and its Company's current low share of the mobile market of 1.4% (as of June 30, 2020 OCECPR data) which however is continuously growing, the expansion of our presence in mobile telephony can significantly improve our financial performance.

- The Company has prepared its cash flow forecasts using assumptions based on historical information and reasonable projections to meet its cash flow needs for the foreseeable future. According to the business plan and the matters mentioned above, the Company will have sufficient funds to finance its operations. We have also identified discretionary expenditure across our business and projects, which we can delay, should the need arise for the conservation of liquidity.

- Included in current liabilities are the amounts of Deferred Subscription Income €9.4m and of Deferred Income relating to EU projects €146,000. No cash outflow is expected for these amounts.

- The Company has cash and cash equivalents, as at 31 December 2020, amounting to €8,048,917 and restricted cash deposits that will be partly released back into unrestricted cash in 2021.

Conclusion

The Board of Directors considering and evaluating all the above conditions and relevant factors has concluded that the Company has currently the available resources to enable it to continue its activities, and, despite the conditions described above there is no material uncertainty over the Company's ability to continue as a going concern.

5. Significant accounting policies (continued)

In accordance with IAS 1 "Presentation of Financial Statements" and the conclusion reached, these financial statements have been appropriately prepared on a going concern basis.

Segmental reporting

The Company provides fixed broadband, television and telephony services, as well as mobile telephony. These services are shown as a single operating segment. The Company operates only in Cyprus and for this reason operations are not analysed by geographical segment.

Revenue

Recognition and measurement

Revenue represents the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods or services to the customer, excluding amounts collected on behalf of third parties (for example, value-added taxes); the transaction price. The Company includes in the transaction price an amount of variable consideration as a result of rebates/discounts only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Estimations for rebates and discounts are based on the Company's experience with similar contracts and forecasted sales to the customer.

The Company recognises revenue when the parties have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations, the Company can identify each party's rights and the payment terms for the goods or services to be transferred, the contract has commercial substance (i.e. the risk, timing or amount of the Company's future cash flows is expected to change as a result of the contract), it is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer and when specific criteria have been met for each of the Company's contracts with customers.

The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. In evaluating whether collectability of an amount of consideration is probable, the Company considers only the customer's ability and intention to pay that amount of consideration when it is due.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimates are reflected in the statement of comprehensive income in the period in which the circumstances that give rise to the revision become known by Management.

5. Significant accounting policies (continued)

Revenue recognition (continued)

Multiple-element arrangements involving the delivery or provision of multiple products or services must be separated into distinct performance obligations, each with its own separate revenue contribution that is recognised as revenue on fulfillment of the obligation to the customer. This especially concerns the sale of a mobile handset or other telecommunications equipment combined with the conclusion of a mobile or fixed-network telecommunications contract. The total transaction price of the bundled contract is allocated among the individual performance obligations based on their relative – possibly estimated – stand-alone selling prices, i.e., based on a ratio of the standalone selling price of each separate element to the aggregated stand-alone selling prices of the contractual performance obligations. As a result, the revenue to be recognised for products (often delivered in advance) such as mobile handsets that are sold at a subsidised or nil price in combination with a long-term service contract is higher than the amount billed or collected. This leads to the recognition of a contract asset – a receivable arising from the customer contract that has not yet legally come into existence – in the statement of financial position. The contract asset is reversed and reduced over the remaining minimum contract period, lowering revenue from the other performance obligations (in this case mobile service revenues) compared with the amounts billed. In contrast to the amounts billed, this results in higher revenue from the sale of goods and lower revenue from the provision of services. Customer activation fees and other advance one-time payments by the customer that do not constitute consideration for a separate performance obligation are classified as contract liabilities and are deferred and recognised as revenue over the minimum contract term or, in exceptional cases (e.g., in the case of contracts that can be terminated at any time) over the expected contract period. The same applies to fees for installation and set-up activities that do not have an independent value for the customer.

Identification of performance obligations

The Company assesses whether contracts that involve the provision of a range of goods and/or services contain one or more performance obligations (that is, distinct promises to provide a service) and allocates the transaction price to each performance obligation identified on the basis of its stand-alone selling price. A good or service that is promised to a customer is distinct if the customer can benefit from the good or service, either on its own or together with other resources that are readily available to the customer (that is the good or service is capable of being distinct) and the Company's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (that is, the good or service is distinct within the context of the contract).

- **Sale of products**

  Sales of products are recognised at the point in time when the Company satisfies its performance obligation by transferring control over the promised products to the customer, which is usually when the products are delivered to the customer, risk of obsolescence and loss have been transferred to the customer and the customer has accepted the products.

- **Rendering of services**

  Revenue from telecommunications and other services rendered is recognised in profit or loss when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue and the associated costs can be measured reliably. Revenue from contract customers is recognised as services are performed, with unbilled revenue resulting from services already provided that is accrued at the end of each period and unearned revenue from services to be provided in future periods that is deferred. Revenue from the sale of prepaid credit is deferred until such time as the customer uses the credit or credit expires. Revenue from calls and messaging is recognised at the time the call or message is effected over the Company’s network. Fees, consisting primarily of monthly charges for access to broadband, other Internet access and connected services, TV and voice services, are recognised as revenue as the service is provided. Revenue arising from the interconnection of voice and data traffic between other telecommunications operators is recognised at the time of transit across the Company’s network.

5. Significant accounting policies (continued)

Revenue recognition (continued)

- **Contract assets**

  The timing of revenue recognition may differ from customer invoicing. Trade receivables presented in the statement of financial position represent an unconditional right to receive consideration (primarily cash), i.e. the services and goods promised to the customer have been transferred.

  By contrast, contract assets mainly refer to amounts allocated per IFRS 15 as compensation for goods or services provided to customers for which the right to collect payment is subject to providing other services or goods under that same contract. This is the case in a bundled offer combining the sale of a mobile phone and mobile communication services for a fixed-period, where the mobile phone is invoiced at a reduced or nil price leading to the reallocation of a portion of amounts invoiced for telephone communication services to the supply of the mobile phone. The excess of the amount allocated to the mobile phone over the price invoiced is recognised as a contract asset and transferred to trade receivables as the service is invoiced. Contract assets, like trade receivables, are subject to impairment for credit risk. The recoverability of contract assets is also verified, especially to cover the risk of impairment should the contract be interrupted.

Employee benefits

The Company and its employees contribute to the Government Social Insurance Fund based on employees' salaries. In addition the Company operates a defined contribution scheme the assets of which are held in a separate trustee-administered fund. The scheme is funded by payments from employees and by the Company. The Company's contributions are expensed as incurred and are included in staff costs. The Company has no legal or constructive obligations to pay further contributions if the scheme does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

Finance income

Interest income is recognised on a time-proportion basis using the effective method.

Finance costs

Interest expense and other borrowing costs are charged to profit or loss as incurred.

Foreign currency translation

(1) Functional and presentation currency
Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Euro (€), which is the Company's functional and presentation currency.

(2) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Translation differences on financial assets at fair value through other comprehensive income are recognised in other comprehensive income and then included in the fair value reserve in equity. Translation differences on debt securities at fair value through other comprehensive income are recognised in profit or loss.

Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

5. Significant accounting policies (continued)

Tax (continued)

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

Dividends

Dividend distribution to the Company's shareholders is recognised in the Company's financial statements in the year in which they are approved by the Company's shareholders.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is calculated on the straight-line method so as to write off the cost of each asset to its residual value over its estimated useful life. The annual depreciation rates used are as follows:

	%
Buildings	3
Network and machinery	10-33.33
Motor vehicles	20
Furniture, fixtures, equipment and computer hardware	10-20
Tools	33.33

No depreciation is provided on land.

The depreciation charges of Buildings and Furniture, fixtures, equipment and computer hardware are included in administration expenses.

The depreciation charges of Network and machinery, Motor vehicles and Tools are included in cost of sales.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

5. Significant accounting policies (continued)

Property, plant and equipment (continued)

Expenditure for repairs and maintenance of property, plant and equipment is charged to profit or loss of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

European Projects

Grants are recognised when there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received. Government grants that relate to expenses are recognised in profit or loss as other income.

International Capacity

Expenditure representing the initial fees paid for the acquisition of the capacity line. Their amortization expense is included in cost of sales.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

5. Significant accounting policies (continued)

Football rights

The Company has the contractual rights, through the signing of contracts, to broadcast all the home football matches of certain football clubs in Cyprus. The football rights were effective from 1 July 2019 and have a duration of 35 months.

On initial recognition the asset is measured at cost. The cost represent the total of any prepayments paid plus the present value of the estimated future contractual payments. At the same time the same present value of the estimated future contractual payments are recognised as a financial liability at amortised cost. Subsequent to initial measurement, the intangible asset is amortised to profit or loss over the contractual period of 35 months. If, during the reporting period, indications for impairment are identified, then the asset is assessed for impairment. Similarly, promotions or relegations of teams within their competitions that, as a result, modify the future payments Cablenet is due to make also modify the liability recognised on the balance sheet.

For the financial liability, interest expense is recognised using the effective interest rate. Any actual additional consideration paid or any relevant remeasurement of the corresponding financial liability recognise immediately in profit or loss (i.e. expense).

Expenditure on advertising and promotional activities are recognised as expenses as they are incurred. The consideration allocated to the advertising and promotional rights separated from the consideration used for measuring the intangible and recognise as an expense on an accrual basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Their amortization expense is included in cost of sales.

Leasehold rights on buildings

Leasehold rights are initially recognised at their acquisition cost and then depreciated over their estimated useful life, which does not exceed the expected lease period, on a straight line basis. Their amortization expense is included in administration expenses.

Computer software

Costs that are directly associated with identifiable and unique computer software products controlled by the Company and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Subsequently computer software is carried at cost less any accumulated amortisation and any accumulated impairment losses. Expenditure which enhances or extends the performance of computer software programs beyond their original specifications is recognised as a capital improvement and added to the original cost of the computer software. Costs associated with maintenance of computer software programs are recognised as an expense when incurred. Computer software costs are amortised using the straight-line method over their useful lives, not exceeding a period of three years. Amortisation commences when the computer software is available for use.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

The amortisation expense of computer software is included in administration expenses.

5. Significant accounting policies (continued)

The annual amortisation rates used are as follows:

	%
Football rights	34.29
International Capacity	7.14
Leasehold rights on buildings	1.33
Computer software	33.33

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
  - the Company has the right to operate the asset; or
  - the Company designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The depreciation expenses of ROU assets are included in administration expenses.

The Company as lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;

5. Significant accounting policies (continued)

Leases (continued)

- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognise the right of use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low value assets (i.e. IT equipment, office equipment etc.). The Company recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non financial assets, other than goodwill, that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Financial assets - Classification

From 1 January 2018, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost (AC).

The classification and subsequent measurement of debt financial assets depends on: (i) the Company's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Company may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For investments in equity instruments that are not held for trading, classification will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

5. Significant accounting policies (continued)

Financial assets - Classification (continued)

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Financial assets - Recognition and derecognition

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date when the Company commits to deliver a financial instrument. All other purchases and sales are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Financial assets - Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets - impairment - credit loss allowance for ECL

From 1 January 2018, the Company assesses on a forward-looking basis the ECL for debt instruments (including loans) measured at AC and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Company measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within "net impairment losses on financial and contract assets".

Debt instruments measured at AC are presented in the statement of financial position net of the allowance for ECL. For loan commitments and financial guarantee contracts, a separate provision for ECL is recognised as a liability in the statement of financial position.

For debt instruments at FVOCI, an allowance for ECL is recognised in profit or loss and it affects fair value gains or losses recognised in OCI rather than the carrying amount of those instruments.

Expected losses are recognised and measured according to one of two approaches: general approach or simplified approach.

5. Significant accounting policies (continued)

Financial assets - impairment - credit loss allowance for ECL (continued)

For trade receivables including trade receivables with a significant financing component and contract assets and lease receivables the Company applies the simplified approach permitted by IFRS 9, which uses lifetime expected losses to be recognised from initial recognition of the financial assets.

For all other financial asset that are subject to impairment under IFRS 9, the Company applies general approach - three stage model for impairment. The Company applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1.

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to note 7, Credit risk section, for a description of how the Company determines when a SICR has occurred. If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Company's definition of credit impaired assets and definition of default is explained innote 7, Credit risk section.

Additionally the Company has decided to use the low credit risk assessment exemption for investment grade financial assets. Refer to note 7, Credit risk section for a description of how the Company determines low credit risk financial assets.

Financial assets -Reclassification

Financial instruments are reclassified only when the business model for managing those assets changes. The reclassification has a prospective effect and takes place from the start of the first reporting period following the change.

Financial assets - write-off

Financial assets are written-off, in whole or in part, when the Company exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Company may write-off financial assets that are still subject to enforcement activity when the Company seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Financial assets - modification

The Company sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Company assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset (e.g. profit share or equity-based return), significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Company derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Company also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

5. Significant accounting policies (continued)

Financial assets - modification (continued)

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Company compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Company recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate, and recognises a modification gain or loss in profit or loss.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks and bank overdrafts. In the statement of financial position, bank overdrafts are included in borrowings in current liabilities. Cash and cash equivalents are carried at amortised cost (AC) because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Financial assets at amortised cost

These amounts generally arise from transactions outside the usual operating activities of the Company. These are held with the objective to collect their contractual cash flows and their cash flows represent solely payments of principal and interest. Accordingly, these are measured at amortised cost using the effective interest method, less provision for impairment. Financial assets at amortised cost are classified as current assets if they are due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current assets.

Financial guarantee contracts

Financial guarantee contracts are contracts that require the Company to make specified payments to reimburse the holder of the guarantee for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantees are recognised as a financial liability at the time the guarantee is issued. Financial guarantees are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight line basis over the life of the guarantee in other income in profit or loss.

At the end of each reporting period, the guarantee is subsequently at the higher of:

- the amount of the loss allowance determined in accordance with the expected credit loss model under IFRS 9 Financial Instruments and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15 Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations. Where guarantees in relation to loans or other payables of subsidiaries are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

5. Significant accounting policies (continued)

Financial liabilities - measurement categories

Financial liabilities are initially recognised at fair value and classified as subsequently measured at amortised cost, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

Borrowings

Borrowings are recorded initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

Factored trade receivables

The Company has entered into an invoice discounting agreement with a factoring company from which a percentage of approved invoices is collected in advance. The invoices which are given for collection in advance are included within trade and other receivables, whereas the amount collected by the factoring company is presented in the statement of financial position under current liabilities until the date of settlement by the debtors. Factoring expenses are charged to profit or loss.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the costs to completion and selling expenses.

Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

5. Significant accounting policies (continued)

Trade receivables (continued)

Trade receivables are also subject to the impairment requirements of IFRS 9.The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. See note 7, Credit risk section.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 180 days past due.

Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

Non-current liabilities

Non-current liabilities represent amounts that are due more than twelve months from the reporting date.

6. New accounting pronouncements

Up to the date of approval of the financial statements, certain new standards, interpretations and amendments to existing standards have been published that are not yet effective for the current reporting period and which the Company has not early adopted, as follows:

(i) Issued by the IASB but not yet adopted by the European Union

New standards

- *IFRS 17 "Insurance Contracts" (effective for annual periods beginning on or after 1 January 2021).*

Amendments

- *Amendments to IAS 16 Property, Plant and Equipment*
- *Amendments to IFRS 3 Business Combinations*
- *Amendments to IAS 37 Onerous Contracts - Cost of fulfilling a Contract*
- *Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (Annual Improvements)*
- *Amendments to IAS 1 Classification of Liabilities as Current or Non-current*

The above are expected to have no significant impact on the Company's financial statements when they become effective.

7. Financial risk management

Financial risk factors

The Company is exposed to interest rate risk, credit risk, liquidity risk, currency risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

7.1 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates as the Company has no significant interest-bearing assets. The Company is exposed to interest rate risk in relation to its non-current borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

7. Financial risk management (continued)

At the reporting date the interest rate profile of interest- bearing financial instruments was:

	2020	2019
	€	€
Fixed rate instruments		
Financial liabilities	39,918,480	-
Variable rate instruments		
Financial liabilities	524,308	22,821,418
	40,442,788	22,821,418

Sensitivity analysis

An increase of 100 basis points in interest rates at 31 December 2020 would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. For a decrease of 100 basis points there would be an equal and opposite impact on the profit and other equity.

	Profit or loss	
	2020	2019
	€	€
Variable rate instruments	5,243	228,214
Fixed rate instruments	399,185	-
	404,428	228,214

7.2 Credit risk
Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL), favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables.

(i) Impairment of financial assets

The Company has the following types of financial assets that are subject to the expected credit loss model
- trade receivables
- other receivables
- contract assets
- cash and cash equivalents

Trade receivables and contract assets

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables (including those with a significant financing component, lease contracts and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The Company defines default as a situation when the debtor is more than 90 days past due on its contractual payments. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected credit loss on contract assets have not material impact.

7. Financial risk management (continued)

7.2 Credit risk (continued)

(i) Impairment of financial assets (continued)

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2020 or 31 December 2019 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The Company removed from the Gross carrying amount of trade receivables the customers with barter agreements

On that basis, the loss allowance as at 31 December 2020 and 31 December 2019 was determined as follows for trade receivables:

31 December 2020

	Type	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
		€	€	€	€	€
Expected loss rate	Retail	1.4%	22.8%	84.4%	84.4%	
	Business	3.1%	12.2%	24.2%	54.6%	
Gross carrying amount - trade receivables	Retail	917,600	57,376	-	-	974,976
	Business	401,191	291,897	92,766	366,738	1,152,592
Loss allowance	Retail	13,192	13,098	-	-	26,290
	Business	12,616	35,539	22,412	200,156	270,723
Total Loss allowance		**25,808**	**48,637**	**22,412**	**200,156**	**297,013**

31 December 2019

	Type	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
		€	€	€	€	€
Expected loss rate	Retail	0.3%	0.9%	28.6%	69.9%	
	Business	2.4%	7.0%	17.6%	32.0%	
Gross carrying amount - trade receivables	Retail	748,764	57,154	24,434	374,971	1,205,323
	Business	606,813	144,878	90,414	160,027	1,002,132
Loss allowance	Retail	2,240	532	6,996	261,943	271,711
	Business	14,564	10,141	15,913	51,547	92,165
Total Loss allowance		**16,804**	**10,673**	**22,909**	**313,490**	**363,876**

7. Financial risk management (continued)

7.2 Credit risk (continued)

(i) Impairment of financial assets (continued)

The closing loss allowances for contract assets as at 31 December 2020 reconcile to the opening loss allowances as follows:

	Trade receivables
	€
Opening loss allowance as at 1 January 2020	363,876
Increase in loss allowance recognised in profit or loss during the year	319,722
Transfer to specific provision for bad debts	(386,585)
Balance at 31 December 2020	297,013

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 180 days past due.

The Company proceed with a change in its accounting policy in regards the measurement of loss allowance. During the prior year assumptions that used by the Company it was that all the customers, except from barter agreements customers and receivables with credit balances, will be included under the default rates calculation to calculate loss allowance amount that should be adjusted and recognise as general provision for bad debts according to IFRS 9. However, in current year Company assess that it will be more reasonable to exclude as well from the calculation of default rates the terminated customers and to recognise their whole amount (100%) as provision for bad debts.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

(ii) Credit related commitments

The primary purpose of these instruments is to ensure that funds are available to a borrower as required. Guarantees which represent irrevocable assurances that the Company will make payments in the event that a counterparty cannot meet its obligations to third parties, carry the same credit risk as loans receivable. Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans or guarantees. With respect to credit risk on commitments to extend credit, the Company is potentially exposed to loss in an amount equal to the total unused commitments, if the unused amounts were to be drawn down. The Company monitors the term to maturity of credit related commitments, because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

7.3 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

7. Financial risk management (continued)

7.3 Liquidity risk (continued)

31 December 2020	Carrying amounts	Contractual cash flows	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
	€	€	€	€	€	€	€
Lease liabilities	3,459,720	3,662,600	264,211	751,638	963,454	1,437,105	246,192
Bond	39,918,480	56,051,613	-	1,518,280	1,600,000	4,800,000	48,133,333
Bank overdrafts	25,987	25,987	25,987	-	-	-	-
Factoring account	498,321	498,321	498,321	-	-	-	-
Trade and other payables	24,915,873	24,915,873	14,864,082	-	10,051,791	-	-
	68,818,381	**85,154,394**	**15,652,601**	**2,269,918**	**12,615,245**	**6,237,105**	**48,379,525**

31 December 2019	Carrying amounts	Contractual cash flows	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
	€	€	€	€	€	€	€
Bank loans	14,415,994	15,505,026	445,952	1,473,441	2,281,243	7,236,788	4,067,602
Lease liabilities	3,592,662	3,804,436	221,980	665,948	840,629	1,824,165	251,714
Bank overdrafts	3,343,432	3,343,432	3,343,432	-	-	-	-
Factoring account	476,701	476,701	476,701	-	-	-	-
Trade and other payables	11,909,440	11,909,440	4,457,261	-	7,452,179	-	-
Loans from shareholders	4,585,292	5,990,722	-	-	165,965	5,824,757	-
	38,323,521	41,029,757	8,945,326	2,139,389	10,740,016	14,885,710	4,319,316

7.4 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar. The Company's Board of Directors monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

7.5 Capital risk management

Capital includes equity shares and share premium and loan from parent company.

The Company's objectives in managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings. Total capital is calculated as "equity" as shown in the statement of financial position plus net debt.

7. Financial risk management (continued)

7.5 Capital risk management (continued)

The Company's capital is analysed as follows:

	2020	2019
	€	€
Total borrowings (Note 25)	40,442,788	22,821,419
Less: Cash and cash equivalents (Note 22)	(14,433,225)	(287,107)
Net debt	26,009,563	22,534,312
Total equity	13,126,490	16,102,223
Subordinated debt	-	4,585,292
Total capital	**13,126,490**	20,687,515
Gearing ratio	**198.15%**	108.93%

The increase in the gearing ratio during the year ended 31 December 2020 resulted from the Company accelerating its operating and capital investments, funded to a large degree by its Malta Stock Exchange bond issue. This acceleration is expected to further enhance the Company's future growth but for the fiscal year 2020 also had the effect of increasing the net debt and decreasing (via the €2.8m net loss) the shareholders' equity of the Company.

8. Critical accounting estimates, judgments and assumptions

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- **Going concern basis**

  The Directors judge that it is appropriate to prepare the financial statements on the going concern basis.

- **Income taxes**

  Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

8. Critical accounting estimates, judgments and assumptions (continued)

Critical judgements in applying the Company's accounting policies

- **Impairment of Football rights**

  The Company follows the guidance of IAS 36 in determining when football rights need to be impaired. This determination requires significant judgment. In making this judgment, the Company compare the carrying amount with the recoverable amount (higher of value in use (VIU) & Fair Value less costs to sell). Value in use represents the present value of the future cash flows expected to be deliverd from the continuing use of the asset and from its disposal at the end of its useful life.

- **Impairment of financial assets**

  The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 7, Credit risk section.

- **Impairment of non-financial assets**

  The impairment test is performed using the discounted cash flows expected to be generated through the use of non-financial assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Company estimates the recoverable amount of the cash generating unit in which the asset belongs to.

- **Impairment of intangible assets**

  Intangible assets are initially recorded at acquisition cost and are amortized on a straight line basis over their useful economic life. Intangible assets that are acquired through a business combination are initially recorded at fair value at the date of acquisition. Intangible assets with indefinite useful life are reviewed for impairment at least once per year. The impairment test is performed using the discounted cash flows expected to be generated through the use of the intangible assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Company estimates the recoverable amount of the cash generating unit in which the asset belongs to.

- **Useful live of depreciable assets**

  The Board of Directors the useful lives of depreciable assets at each reporting date, and revises them if necessary so that the useful lives represent the expected utility of the assets to the Company. Actual results, however, may vary due to technological obsolescence, mis-usage and other factors that are not easily predictable.

9. Revenue

The Company derives its revenue from contracts with Customers for the transfer of goods and services over time and at a point in time in the following major product lines.

	2020	2019
	€	€
Telecommunication services	46,797,299	39,833,397
Sales of goods	181,911	11,204
	46,979,210	39,844,601

10. Cost of sales

	2020	2019
	€	€
Services	13,827,949	10,098,332
Electricity for nodes	332,789	377,680
Operational and maintenance fee for international capacity	1,094,414	1,077,333
Sales Commission	190,581	97,423
Lease fees payable to the Electricity Authority of Cyprus	1,092,134	1,056,195
Amortisation of football rights	5,812,386	2,803,918
Depreciation	8,231,806	7,397,267
Sundry expenses	218,352	145,168
	30,800,411	23,053,316

11. Other operating income

	2020	2019
	€	€
Gain from sale of property, plant and equipment	1,113	978
Income from European Projects	3,499	17,160
HRDA Subsidy	20,360	107,228
Deposit refund on terminated customers	32,480	70,710
	57,452	196,076

12. Selling and distribution expenses

	2020	2019
	€	€
Staff costs	1,602,941	1,858,079
Advertising	1,844,410	2,089,147
Stamp duties	139,358	119,296
Specific provision for bad debts	567,211	-
Expected Credit Loss allowance	319,722	257,871
Sundry expenses	111,966	101,249
Depreciation of Right-of-use asset motor vehicles	326,637	253,880
Sundry expenses	84,338	67,557
	4,996,583	4,747,079

13. Administration expenses

	2020	2019
	€	€
Staff costs	5,231,309	4,395,761
Directors and secretary fees	201,750	-
Licenses and taxes	266,204	161,000
Electricity	475,865	506,529
Water supply and cleaning	128,251	90,713
Insurance	119,818	114,498
Stationery and printing	157,769	321,539
Computer software	1,410,189	1,018,187
Auditor's remuneration - current year for the statutory audit of annual accounts	26,000	12,000
Auditor's remuneration - current year for other assurance services	6,900	6,802
Tax and VAT services for current year paid to the statutory auditor	10,998	8,100
Auditor's remuneration - prior years	6,300	-
Legal fees	45,542	28,703
Other professional fees	396,255	590,244
Motor fuels	91,251	89,867
Depreciation Leasehold rights	600,635	528,298
Depreciation property, plant, equipment and amortisation of software	2,692,109	2,346,118
Sundry expenses	593,896	588,888
	12,461,041	10,807,247

14. Staff costs

	2020	2019
	€	€
Directors' Remuneration	663,988	528,953
Salaries	5,274,073	4,932,764
Social security costs	656,217	567,260
Social cohesion fund	118,567	109,198
Pensions cost	121,405	115,665
	6,834,250	6,253,840
Average number of employees (including Directors in their executive capacity)	**360**	335

The above figures exclude capitalized staff costs which are capitalized under Property, plant and equipment – Network and machinery (Note 17) and include all payroll-related benefits such as overtimes, standby allowances, bonuses and commissions.

15. Finance income/(costs)

	2020	2019
	€	€
Interest income	-	1
Exchange profit	7,572	-
Finance income	**7,572**	1
Net foreign exchange losses	(1,354)	(49,764)
Interest expense	(1,443,771)	(1,046,235)
Sundry finance expenses	(370,828)	(197,926)
Finance costs	**(1,815,953)**	(1,293,925)
Net finance costs	**(1,808,381)**	(1,293,924)

16. Tax

	2020	2019
	€	€
Corporation tax - current year	-	78,709
Corporation tax - prior years	(1,481)	-
Deferred tax - credit (Note 27)	(184,862)	-
(Credit)/charge for the year	**(186,343)**	78,709

The total charge for the year can be reconciled to the accounting results as follows:

	2020	2019
	€	€
(Loss)/profit before tax	(3,029,754)	139,111
Tax calculated at the applicable tax rates	(378,719)	17,389
Tax effect of expenses not deductible for tax purposes	2,400,355	1,785,652
Tax effect of allowances and income not subject to tax	(2,206,498)	(1,726,942)
Tax effect of tax loss for the year	184,862	-
10% additional charge	-	2,610
Deferred tax	(184,862)	-
Prior year tax	(1,481)	-
Tax charge	**(186,343)**	78,709

The Company is subject to corporation tax on taxable profits at the rate of 12.5%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17%.

Gains on disposal of qualifying titles (including shares, bonds, debentures, rights thereon etc) are exempt from Cyprus income tax.

Due to tax losses sustained in the year, no tax liability arises on the Company. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised (Note 19).

17. Property, plant and equipment

	Leasehold buildings and improvements	Asset under development	Network and machinery	Motor vehicles	Furniture, fixtures, equipment and computer hardware	Tools	Total
	€	€	€	€	€	€	€
Cost							
Balance at 1 January 2019	1,943,855	-	60,872,466	670,927	12,417,524	123,427	76,028,199
Additions	218,348	777,381	9,369,605	637,554	2,019,237	49,299	13,071,424
Disposals	-	-	(200)	(91,332)	(6,217)	-	(97,749)
Balance at 31 December 2019/ 1 January 2020	2,162,203	777,381	70,241,871	1,217,149	14,430,544	172,726	89,001,874
Additions	332,594	-	8,744,452	-	2,822,962	139,681	12,039,689
Disposals	-	-	-	(126,253)	(2,444)	-	(128,697)
Transfer from Asset under development to Network and machinery	-	(777,381)	777,381	-	-	-	-
Balance at 31 December 2020	**2,494,797**	**-**	**79,763,704**	**1,090,896**	**17,251,062**	**312,407**	**100,912,866**
Depreciation							
Balance at 1 January 2019	570,744	-	34,846,659	516,991	9,480,167	120,999	45,535,560
Charge for the year	147,684	-	5,698,362	94,411	1,796,975	8,551	7,745,983
Balance at 31 December 2019/ 1 January 2020	718,428	-	40,545,021	611,402	11,277,142	129,550	53,281,543
Charge for the year	177,340	-	6,456,344	149,709	1,817,724	46,877	8,647,994
On disposals	-	-	-	(123,558)	(1,724)	-	(125,282)
Balance at 31 December 2020	**895,768**	**-**	**47,001,365**	**637,553**	**13,093,142**	**176,427**	**61,804,255**
Net book amount							
Balance at 31 December 2020	**1,599,029**	**-**	**32,762,339**	**453,343**	**4,157,920**	**135,980**	**39,108,611**
Balance at 31 December 2019	**1,443,775**	**777,381**	**29,696,850**	**605,747**	**3,153,402**	**43,176**	**35,720,331**

The Asset under development figure, for the year ended 31 December 2020, relates to amounts paid for the mobilisation phase of Cablenet's Next Generation TV (NGTV) project. NGTV has become available to Cablenet customers since December 2020 and as a result its capitalisation under Network and machinery has taken place.

In the statement of cash flows, proceeds from sale of property, plant and equipment comprise:

	2020	2019
	€	€
	-	-
Profit from the sale of property, plant and equipment (Note 11)	1,113	978
	1,113	978

18. Right-of-use assets

	Land and buildings	Motor vehicles	Total
	€	€	€
Cost			
Additions	2,922,463	1,459,810	4,382,273
Balance at 31 December 2019/ 1 January 2020	2,922,463	1,459,810	4,382,273
Additions	326,297	461,304	787,601
Balance at 31 December 2020	**3,248,760**	**1,921,114**	**5,169,874**
Depreciation			
Charge for the year	528,298	253,880	782,178
Balance at 31 December 2019/ 1 January 2020	528,298	253,880	782,178
Charge for the year	600,635	326,637	927,272
Balance at 31 December 2020	**1,128,933**	**580,517**	**1,709,450**
Net book amount			
Balance at 31 December 2020	**2,119,827**	**1,340,597**	**3,460,424**
Balance at 31 December 2019	**2,394,165**	**1,205,930**	**3,600,095**

The table below describes the nature of the Company's leasing activities by type of ROU asset recognised on balance sheet:

ROU asset	No of ROU assets leased	Range of remaining term	Average remaining lease term	No of leases with extension options	No of leases with option to purchase	No of leases with termination options
Office/Shops	15	1 - 8 years	4 years	10	0	5
Warehouses	2	26 years	26 years	1	0	0
Motor Vehicles	108	1 - 5 years	3 years	0	0	0

19. Intangible assets

	Computer software €	International capacity €	Leasehold rights on buildings €	Football rights €	Total €
Cost					
Balance at 1 January 2019	2,755,930	21,330,067	267,640	-	24,353,637
Additions	442,719	745,300	156,050	16,356,186	17,700,255
Balance at 31 December 2019/ 1 January 2020	3,198,649	22,075,367	423,690	16,356,186	42,053,892
Additions	2,234,017	-	-	749,903	2,983,920
Balance at 31 December 2020	**5,432,666**	**22,075,367**	**423,690**	**17,106,089**	**45,037,812**
Amortisation					
Balance at 1 January 2019	2,222,038	9,143,496	50,591	-	11,416,125
Amortisation for the year	389,253	1,531,686	6,729	2,803,918	4,731,586
Balance at 31 December 2019/ 1 January 2020	2,611,291	10,675,182	57,320	2,803,918	16,147,711
Amortisation for the year	691,218	1,576,181	5,115	5,812,386	8,084,900
Balance at 31 December 2020	**3,302,509**	**12,251,363**	**62,435**	**8,616,304**	**24,232,611**
Net book amount					
Balance at 31 December 2020	**2,130,157**	**9,824,004**	**361,255**	**8,489,785**	**20,805,201**
Balance at 31 December 2019	**587,358**	**11,400,185**	**366,370**	**13,552,268**	**25,906,181**

Football rights represents the total prepayments paid plus the present value of the estimated future contractual payments to football clubs in Cyprus for the provision of their home football matches. At the same time the same present value of the estimated future contractual payments are recognised as a financial liability at amortised cost (Note:20). The rights have been effective since 1 July 2019. The intangible is amortised to the profit or loss over the contractual period of 35 months.

The Company follows the guidance of IAS 36 in determining when football rights need to be impaired. This determination requires significant judgment. In making this judgment, the Company compare the carrying amount with the recoverable amount (higher of value in use (VIU) & Fair Value less costs to sell). Value in use represents the present value of the future cash flows expected to be deliverd from the continuing use of the asset and from its disposal at the end of its useful life. As a result, the VIU is well above the Carrying amount of Football rights so no impairment was recognised by the Company.

The average remaining useful economic life for Computer Software is 3 years, International capacity is 8 years, Leasehold rights on buildings is 17 years and Football rights is one and a half years.

Impairment assessment

The Company allocates its football rights as follows:

	Carrying amount 2020 €	**Recoverable amount 2020 €**	Carrying amount 2019 €	Recoverable amount 2019 €
Football rights	8,489,709	9,622,366	13,552,268	13,942,733
	8,489,709	9,622,366	13,552,268	13,942,733

19. Intangible assets (continued)

The recoverable amount of football rights has been determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by the Board of Directors covering a five-year period. The Board of Directors prepares the financial budgets based on past performance experience and its expectations for business and market developments. Cash flows beyond the five-year period are extrapolated using the best estimate of the expected growth rate.

The key assumptions used for the value-in-use calculations are as follows:

	Football rights
Average annual increase in cash inflows	0.16%
Discount rate	11.74%

Sensitivity analysis

Impairment losses will start occurring if any of the above assumptions is individually changed to the following values:

Discount rate	23.74%

20. Inventories

	2020	2019
	€	€
Telecommunication prepaid cards and mobile devices	78,747	15,902
	78,747	15,902

Inventories are stated at cost.

21. Trade and other receivables

	2020	2019
	€	€
Trade receivables	3,569,501	3,814,490
Less: Specific provision for bad debts	(998,900)	(189,722)
Less: Allowance for expected credit losses	(297,013)	(363,876)
Trade receivables - net	2,273,588	3,260,892
Other receivables	262,602	264,729
Less: Specific provision for bad debts	(212,768)	(68,150)
Other receivables - net	49,834	196,579
Deposits and prepayments	11,143,590	3,345,965
Contract assets	213,467	57,477
	13,680,479	6,860,913
Less non-current receivables	(2,359,000)	-
Current portion	**11,321,479**	6,860,913

The Company has recognised a loss of €319,722 (2019: €257,871) for the impairment of its receivables during the year ended 31 December 2020. The loss has been included in selling and distribution costs in profit or loss.

An amount of €1,933,750, included in Deposit and Prepayments, represents prepayments for the Company's 4G mobile spectrum. The mobile spectrum has been acquired as part of the Company's expansion of its mobile telephony services (Note 38).

An amount of €6,573,800 included in Deposit and Prepayments, is the result of the agreement signed between the Company and two other football rights holders on 11 July 2020 to allow each party the broadcasting of the combined pool of football matches. The agreement has a duration of 2 years and expires on 31 July 2022.

21. Trade and other receivables (continued)

Non-current receivables relates to amounts due to agreement with football providers amounted to €2,359,000.

Movement in allowance for expected credit losses of receivables:

	2020	2019
	€	€
Balance at 1 January	363,876	634,630
Impairment losses recognised on receivables	319,722	257,871
Amount written off as uncollectible	-	(270,753)
Transfer to specific provision for bad debts	(386,585)	(257,872)
Balance at 31 December	**297,013**	363,876

Movement in specific provision of receivables:

	2020	2019
	€	€
Balance at 1 January	257,872	-
Additional charge of specific provision	567,211	-
Transfer from expected credit allowance	386,585	257,872
Balance at 31 December	**1,211,668**	257,872

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

The exposure of the Company to credit risk and impairment losses in relation to trade and other receivables is reported in note 7 of the financial statements.

22. Cash and cash equivalents

Cash balances are analysed as follows:

	2020	2019
	€	€
Cash in hand	24,276	31,944
Cash at bank	8,548,949	255,163
Restricted Bank deposits	5,860,000	-
	14,433,225	287,107

The restricted bank deposit represents the cash collateral of a Good Payment Letter of Guarantee in favour of the Director of the Department of Electronic Communication, Ministry of Transport, Communication and Works, relating to radio frequencies in the bands of 800 MHz and 2600 MHz for the establishment and operation of a public electronic communications network for the provision of electronic communication services. The expiry date of the Letter of Guarantee is 21 July 2021.

For the purposes of the statement of cash flows, the cash and cash equivalents include the following:

	2020	2019
	€	€
Cash at bank and in hand	8,573,225	287,107
Bank overdrafts (Note 25)	(524,308)	(3,820,133)
	8,048,917	(3,533,026)

22. Cash and cash equivalents (continued)

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 7 of the financial statements.

23. Share capital

	2020 Number of shares	**2020 €**	2019 Number of shares	2019 €
Authorised				
Ordinary shares of €1.71 each	4,000,000	6,840,000	4,000,000	6,840,000
Issued and fully paid				
Balance at 1 January	3,362,570	5,749,995	2,727,273	4,663,637
Issue of shares	-	-	635,297	1,086,358
Balance at 31 December	**3,362,570**	**5,749,995**	3,362,570	5,749,995

24. Other reserves

	Share premium €	**General revenue reserve** €	**Capital reserve** €	**Total** €
Balance at 1 January 2019	9,563,759	(538,393)	1,733,062	10,758,428
Issue of share capital	15,634,650	-	-	15,634,650
Balance at 31 December 2019/ 1 January 2020	25,198,409	(538,393)	1,733,062	26,393,078
Balance at 31 December 2020	**25,198,409**	**(538,393)**	**1,733,062**	**26,393,078**

The General revenue reserve of €538,393 relates to the merge with Lemontel Ltd which took place on 1st August 2016.

The Capital reserve of €14,733,062 relates to the fair value of the benefit received by the Company as a result of the interest waiver of the loan from GO PLC during March 2014.

25. Borrowings

Changes in loans:

	2020 €	**2019** €
Balance at 1 January	19,001,286	30,610,355
Additions	2,450,605	5,375,000
Repayments of principal	(21,451,891)	(500,000)
Repayment of interest	(541,279)	(540,281)
Capitalisation of loan and interest	-	(16,721,008)
Interest charged for the year	541,279	764,388
Bank loan charges - transaction costs	-	12,832
Balance at 31 December	**-**	19,001,286

On 27 August 2020 Company repaid fully its bank loan and related party loan by the amount received from the bond amounting to €40,000,000.

25. Borrowings (continued)

	2020 €	2019 €
Current borrowings		
Bank overdrafts (Note 22)	25,987	3,343,432
Factoring account (Note 22)	498,321	476,701
Bank loans	-	1,638,707
Bond	513,052	-
	1,037,360	5,458,840
Non-current borrowings		
Bank loans	-	12,777,287
Bond	39,405,428	-
Loans from shareholders	-	4,585,292
	39,405,428	17,362,579
Total	**40,442,788**	22,821,419

The Company during 21 August 2020 issued a bond on the Malta Stock Exchange. The amount of the bond is €40m 4% unsecured bonds. Its nominal value is €1,000 per bond. The duration of the bond is 10 years starting from 21 August 2020 until 19 August 2030.

The balance of the bond as at 31 December 2020 is €39,918,480. This balance consist the bond issue €40,000,000, the bond charges €664,534 and the accrued bond interest €583,014.

Maturity of non-current borrowings:

	2020 €	2019 €
Between one to two years	-	2,291,607
Between two and five years	-	11,092,358
After five years	39,405,428	3,978,614
	39,405,428	17,362,579

The bank overdrafts and factoring are secured as follows:

- Mortgage on Leasehold property €750,000 of Cablenet Communication Systems PLC.
- Floating charge of €37,071,504 on the property of Cablenet Communication Systems PLC.

All the bank loan securities have been cancelled together with the full repayment of the bank loan.

Approved but unused limits:

In addition to the above borrowings, the Company at 31 December 2020 had available approved but undrawn facilities which amounted to €4,000,000.

The weighted average effective interest rates at the reporting date were as follows:

	2020	2019
Bank overdrafts	1.51%	2.33%
Factoring account	1.86%	1.65%
Bank loans	-	2.29%
Bond	4%	-
Loans from parent company	-	2.21%
New loans from parent company	-	3.75%

26. Lease liabilities

	2020	2019
	€	€
Balance at 1 January	3,592,662	3,393,896
Additions	787,603	988,374
Repayments	(920,545)	(789,608)
Balance at 31 December	**3,459,720**	3,592,662

	Minimum lease payments		The present value of minimum lease payments	
	2020	2019	2020	2019
	€	€	€	€
Not later than 1 year	1,015,849	887,929	938,660	815,919
Later than 1 year and not later than 5 years	2,468,293	2,716,252	2,358,700	2,596,482
Later than 5 years	178,458	200,256	162,360	180,261
	3,662,600	3,804,437	**3,459,720**	3,592,662
Future finance charges	(202,880)	(211,775)	-	-
Present value of lease liabilities	**3,459,720**	3,592,662	**3,459,720**	3,592,662

All lease obligations are denominated in Euro.

The fair values of lease obligations approximate to their carrying amounts as presented above

27. Deferred tax

Deferred tax is calculated in full on all temporary differences under the liability method using the applicable tax rates (Note 16). The applicable corporation tax rate in the case of tax losses is 12.5%.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

The movement on the deferred taxation account is as follows:

Deferred tax assets

	Tax losses
	€
Balance at 1 January 2019	-
Balance at 31 December 2019/ 1 January 2020	-
Charged/(credited) to:	
Statement of comprehensive income (Note 16)	184,862
Balance at 31 December 2020	**184,862**

28. Trade and other payables

	2020	2019
	€	€
Trade payables	7,248,803	7,275,523
Deferred subscription income	9,445,480	1,832,007
Social insurance and other taxes	292,997	287,723
VAT	985,527	780,781
Shareholders' current accounts - credit balances (Note 32.3)	5,038,152	5,025,862
Accruals	1,105,800	1,157,346
Other creditors	32,057	32,057
Refundable security deposits on subscription	2,983,175	2,769,853
European Projects	146,706	257,808
Defence tax on payable dividends	132,322	100,869
Payables to related parties (Note 32.3)	168,206	160,520
	27,579,225	19,680,349
Less non-current payables	(10,051,791)	(7,452,179)
Current portion	**17,527,434**	12,228,170

Non - current payables relates: 1) to amount due to shareholders, mainly from dividends amounted to €5,038,152. (2019:€5,025,862), 2) to amount due to related parties amounted to €131,464, 3) to Refundable security deposits on subscriptions amounted to €2,523,175 and 4) an amount relates to agreement between the three football providers which included under Deferred Subscription revenue amounting to €2,359,000.

The average amount of the last three years refunded to subscribers amounted to €460,000. The remaining amount of €2,523,175 (2019: €2,294,853) is not expected to be refunded in the next 12 months and is therefore included in Non - current payables.

European Projects relate to income received in advance of performance obligations that are expected to be recognised in other revenue in 2021.

An amount of €7,540,850 included in Deferred subscription income, comes from the agreement between three football providers on 11 July 2020 for the provision of all football matches through one platform. The agreement has a duration of 2 years and expires on 31 July 2022.

29. Football rights liability

Football rights liability analysis

	2020	2019
	€	€
Liabilities		
Current portion	4,724,048	4,053,243
Non-current portion	2,419,278	6,110,443
	7,143,326	10,163,686

Football rights liablility represents the present value of the estimated future contractual payments to football clubs in Cyprus for the provision of their home football matches recognised as a financial liability at amortised cost. On initial recognition the weighted average incremental borrowing rate applied to football rights liability was 2.32%. (Note:19).

Any additional financial liability and financial asset from 1 January 2020 which related with the Football rights the weighted average incremental borrowing rate applied was 3.95%.

29. Football rights liability (continued)

Change in football rights liability:

	2020	2019
	€	€
Balance at 1 January	10,163,686	16,356,186
Additions	749,903	-
Interest charge	196,884	125,522
Repayments	(3,967,147)	(6,318,022)
	7,143,326	10,163,686

30. Current tax liabilities

	2020	2019
	€	€
Corporation tax	-	30,190
	-	30,190

31. Dividends

	2020	2019
	€	€
Final dividend paid	-	1,492,985
Defence and GHS contribution on deemed distribution	132,322	-
	132,322	1,492,985

Dividends are subject to a deduction of special contribution for defence at 17% for individual shareholders that are both Cyprus tax resident and Cyprus domiciled.

Dividends declared out of dividends received, which suffered withholding tax at the rate of 20%, are exempt from the special contribution for defence. The exemption applies if the dividends are declared within a six-year period from the date of their receipt.

32. Related party transactions

The Company is directly controlled by GO Plc, incorporated in Malta, which owns the 62.19% of the Company's shares.

GO Plc is a publicly listed entity with shares traded on the Malta Stock Exchange. The majority shareholder is TT Malta Ltd, a wholly owned subsidiary of Tunisie Telecom.

The following transactions were carried out with related parties:

32.1 Directors' remuneration

The remuneration of Directors and other members of key management was as follows:

	2020	2019
	€	€
Directors' remuneration	663,988	528,953
Directors and audit committee fees	10,000	-
Directors' social insurance and other contributions	57,846	36,473
Chairman fees and Bonus	64,750	-
	796,584	565,426

32. Related party transactions (continued)

A director of the Company uses a saloon car which is registered in the Company's name. The expense paid by Company for the specific car amounted to €2,232 for the year end 31 December 2020. The amount of the benefit of director included in Directors' remuneration.

32.2 Purchases and other expenses

		2020	2019
	Nature of transactions	€	€
GO Plc	Interest on loan	367,116	426,670
C.N. Shiacolas (Investments) Ltd (common controlling parties)	Payments made for ROU assets & related lease liabilities	411,424	368,711
C.N. Shiacolas (Investments) Ltd (common controlling parties)	Consultancy fees	30,000	-
GO Plc	Management services	127,000	-
		935,540	795,381

32.3 Payables to related parties (Note 28)

		2020	2019
Name	Nature of transactions	€	€
GO Plc	Dividends	2,848,546	2,848,546
Nicolas Shiacolas	Finance	129,969	130,679
Nicolas Shiacolas	Dividends	2,046,637	2,046,637
C.N. Shiacolas (Investments) Ltd	Trade	36,742	29,056
Menelaos Shiacolas (close family member with Nicolas Shiacolas)	Finance	131,464	131,464
GO Plc	Trade	13,000	-
		5,206,358	5,186,382

Related parties current balances are interest free, and have no specified repayment date.

The Company's shareholders will not collect any amount due to them, from dividends, but will leave them for future periods, when the Company's financial position will be in a position to allow it.

32.4 Loans from related parties (Note 25)

	2020	2019
	€	€
GO Plc	-	4,585,292
	-	4,585,292

33. Guarantees given to investees

		2020	2019
	In relation to	€	€
Velister Ltd	Bank loans and overdraft	**809,361**	581,969
Velister Ltd	Corporate guarantee	**357,412**	758,878
		1,166,773	1,340,847

The Board of Directors do not expect any material losses to occur for the Company from the above guarantees

The maximum exposure from the guarantees, as shown above, represents the lower amount between the actual guarantee amount given by the Company and the Velister Ltd obligation balance.

The Company holds 15% of the ordinary shares of Velister Ltd and appants one out of the six directors. Each member of the board has equal voting rights. As a result, the Company has not defined Velister Ltd as a related party.

34. Participation of Directors in the company's share capital

The percentage of share capital of the Company held directly or indirectly by each member of the Board of Directors (in accordance with Article (4) (b) of the Directive DI 190-2007-04), as at 31 December 2020 and 5 March 2021 (5 days before the date of approval of the financial statements by the Board of Directors) were as follows:

	31 December 2020 %	5 March 2021 %
Nicolas Shiacolas	37.81	37.81

The shareholding interest of Mr. Nicolas Shiacolas includes his direct participation with a percentage of 37.81%, the participation of the company GO PLC with a percentage of 62.19%, of which they are the primary shareholders of the Company.

35. Shareholders holding more than 5% of share capital

The persons holding more than 5% of the share capital as at 31 December 2020 and 5 March 2021 (5 days before the date of approval of the financial statements by the Board of Directors) were as follows:

	31 December 2020 %	5 March 2021 %
Nicolas Shiacolas	37.81	37.81

36. Significant agreements with management

At the end of the year, the following agreements existed between the Company and its Management:

- On 7 October 2020 the Board of Directors approved the payment of annual fees to the Chairman amounting to €129,500. Furthermore, on the same date the Board of Directors approved the payment of annual fees to the Company Secretary amounting to €24,000 for secretarial services and €12,000 for the management of the share register and bond holder relations and compliance matters.
- On 7 October 2020 the Board of Directors approved the Managed Services Agreement between Cablenet Communication Systems PLC and GO PLC for a yearly fee of up to €211,000. The services provided by GO PLC relate to directors, secretarial and the management of share register and bond holder relations and compliance matters.
- On 20 October 2020 the Board of Directors approved the annual payment of €20,000 to each non-executive director and €10,000 to each member of the audit committee.

37. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2020.

38. Commitments

Capital commitments

Capital expenditure contracted for at the reporting date but not yet incurred is as follows:

	2020	2019
	€	€
Property, plant and equipment	**4,374,947**	1,698,598
Intangible - Mobile Spectrum Licences	**15,564,281**	6,860,000
	19,939,228	8,558,598

Other operating commitments

Additionally, as at 31 December 2020 the Company had commitments in relation to the payment of:

- Operating and maintenance fees from 2021 to 2035 amounting to €12,331,159
- Software Maintenance fees and annual support cost from 2021 to 2025 amounting to €9,616,557
- TV-content fees from 2021 to 2025 of €17,232,020
- Cost of Sports & Production Expenses from 2021 to 2022 of €2,921,144
- Sponshorship to football clubs from 2021 to 2022 of €51,000

39. Events after the reporting period

Depending on the duration of the Coronavirus disease (COVID-19) pandemic, and continued negative impact on economic activity, the Company might experience negative results, and liquidity restraints and incur impairments on its assets in 2021. The exact impact on the Company's activities in 2021 and thereafter cannot be predicted. In the period since 31 December 2020 the Company has incurred losses amounting to €0.8m due to COVID-19.

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

Independent auditor's report on pages 17 to 23