

## COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by Cablenet Communication Systems p.l.c. (the “**Company**”) pursuant to the Capital Markets Rules as issued by the Malta Financial Services 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 Half-Yearly unaudited Financial Statements 2022**

The Board of Directors of the Company has earlier today approved the attached Company’s Interim Unaudited Financial Statements for the period ended 30 June 2022.

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/wp-content/uploads/Cablenet-Communication-Systems-PLC-June-2022-Financial-statements-signed.pdf>

### *Unquote*

A handwritten signature in blue ink, appearing to read "F. Galea Salomone".

**Dr. Francis Galea Salomone LL.D.**  
**Company Secretary**

05 August 2022

# **CABLENET COMMUNICATION SYSTEMS PLC**

## Condensed Interim Financial Statements

For the Period 1 January 2022 to  
30 June 2022

**Registration number: 137520**



# CABLENET COMMUNICATION SYSTEMS PLC

## Condensed Interim Financial Statements For the period 1 January 2022 to 30 June 2022

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# CABLENET COMMUNICATION SYSTEMS PLC

## Directors' Report pursuant to Listing Rule 5.75.2 For the period 1 January 2022 to 30 June 2022

This Half-Yearly Report is being published in terms of Chapter 5 of the Listing Rules of the Listing Authority – Malta Financial Services Authority and the Prevention of Financial Markets Abuse Act, 2005. The Half-Yearly Report comprises the reviewed (not audited) condensed interim financial statements for the six months ended 30 June 2022 prepared in accordance with Accounting Standard 34, "Interim Financial Reporting" and the requirements of the Cyprus Companies Law, Cap. 113. The condensed interim financial statements have been reviewed in accordance with the requirements of ISRE 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". The comparative statement of financial position has been extracted from the audited financial statements for the year ended 31 December 2021.

### Principal activities and nature of operations of the Company

The principal activity of Cablenet Communication Systems PLC (the Company or Cablenet) is the provision of television, internet and other connectivity services and fixed and mobile telecommunication services.

### Review of financial performance and significant events

For the first 6 months of 2022, Cablenet continued executing on its investment plans and realizing the growth in its revenue and assets that such investment generates. The COVID-19 pandemic remained present during the whole period under review, as it did last year, however, its impact was immaterial to the Company's performance and Cablenet managed to avoid any significant disruptions on its operations, retail shops and network expansion and installations as it did in 2020 and 2021.

The Company's revenue in the 6-month period amounted to €30.1 million (30 June 2021: €25.6 million), an increase of 17.4% over the same period last year. This revenue growth reflects subscriber gains from higher market share and the expansion of our network footprint. The subscriber gains materialised across both of the Company's residential and business customer bases and both its fixed (broadband, TV and Sports and Telephony) and especially powered by our mobile services, with the latter also being the division with the strongest subscriber and revenue growth. Furthermore, as a result of our commercially available mobile offerings and the new device financing scheme (sale of mobile devices with repayment over 24 months period) introduced in December 2021, the Company's revenue growth further accelerated and, in fact, these offerings as well as the device financing scheme, have been significant contributors towards achieving the results in our 2022 published guidance which is available for viewing in the Investor Centre section of the Company's website at <https://cablenet.com.cy/en/investor-centre-announcements-contacts/>.

The continued growth our investments are generating is also increasing the scale of our businesses and products and the economies and efficiencies that come with them. Our cost of sales has large elements of fixed and semi-variable nature, for example, mobile services-related costs (call origination and termination, data and roaming costs) were lower by c. €0.6 million in comparison to the same period last year, as a result of the transition from the old MVNO contract to the new RAN Sharing agreement. As a result of all of the above, our Gross Profit increased 22% to €10.2 million (30 June 2021: €8.3 million) and our Gross Margin improved to 33.9% in H1 2022 from 32.5% in H1 2021.

The Company's EBITDA amounted to €7.2 million (30 June 2021: €7.1 million), an increase of 1.5% over the same period last year. The key reasons behind this increase were mainly the increase in revenue c. €4.2 million in mobile services-related revenue in comparison to the same period last year, as a result of our new mobile services offerings and the new device financing scheme described above. At the same time, our operating expense base grew as we continue to support our margin-enhancing growth: staff salaries were higher in the period by c. €0.4 million as a result of the company's expansion of its network, customer base and mobile services. Additional to the staff salaries, there was an one-off increase in other personnel costs by c. €0.4 million, relating to ex-gratia payments to terminated employees. Marketing related expenses grew by c. €0.3 million on account of increased support for our mobile and fixed services, with the latter including TV and Sports. Software maintenance costs were also up by c. €0.3 million as we increase our investments into new systems with related license costs. As a result of the Company's growth and the constant need for expanding the business as well as of the complexity of the market the legal fees have increased by more than €0.1 million. Finally, as a result of the general increase in energy prices and the return of our employees to the office, the utility bills, especially for electricity, have increased by c. €0.2 million.

# CABLENET COMMUNICATION SYSTEMS PLC

## Directors' Report pursuant to Listing Rule 5.75.2 For the period 1 January 2022 to 30 June 2022

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The Company's cash-flows for the 6-month period to June 30, 2022, as measured by the change in cash and cash equivalents, were negative €1.5 million (30 June 2021: negative €9.5 million), reflecting a) partly the ongoing investments in expanding our business lines and network, b) better operating cash-flow generation, including the part release of our restricted deposits and c) the €3.5 million proceeds from a new loan granted by GO plc. During the period, previously held restricted deposits that amounted to €3.9 million as of 31 December 2021 (30 June 2021: €9.4 million) decreased to €3.1 million as of 30 June 2022 and a €0.8 million cash-inflow was recorded for the first half of 2022. Further reductions in restricted deposits are expected in the future. In general, such deposits are acting as collateral to short-term as well as long-term letters of guarantees and the decrease in the balance outstanding is a result of better credit terms agreed to with the providing bank.

During the period under review, Cablenet made further instalment payments towards the spectrum frequencies it has acquired. In May 2022, the second annual instalment payment was made for the 5G frequencies the Company acquired in the December 2020 auction and in June 2022 the 4th annual instalment for the 4G frequencies held was paid. In total, €2.0 million of mobile spectrum-related payments were made during the first 6 months of 2022 (30 June 2021: €2.3 million). The total payments of spectrum instalments as at 30 June 2022, amount to €6.3 million (€4.3 million as at 31 December 2021 reflected under Other non-financial assets). On 1 May 2022 both 4G and 5G spectrum frequencies have been capitalized under Right-of-Use Assets in the statement of financial position, with a total Right-of-Use Asset of €15.9 million being recognized. A corresponding liability of €10.6 million has been recognized on that date. The balance of €5.3 million relates to the payments in respect of the spectrum frequencies which have already been effected prior to the capitalization, between 2019 to 2022, and originally reflected under Other non-financial assets and, upon capitalization, reduced the liability.

During the period under review, there was a reclassification of leasehold rights from Property, plant and equipment and Intangible Assets to Right-of-Use Assets, with a Right-of-Use Asset of €0.6 million being recognized.

The Company continues to have a positive total equity of €4.4 million as at 30 June 2022 (31 December 2021: €8.4 million). The decrease is due to the loss registered in the period under review amounting to €4.0 million (30 June 2021: €3.1 million).

The Company's total asset base stands at €100.3 million as at 30 June 2022 (31 December 2021: €88.3 million), representing an increase of €12.0 million. The increase is mainly the result of recognizing a) the 4G and 5G spectrum frequencies, partly reflected under Other non-financial assets in the 2021 Audited Financial Statements, amounting to €15.9 million under Right-of-Use assets in the Statement of Financial Position as at 30 June 2022 and b) the Arsinoe subsea cable IRU agreement, again partly reflected under Other non-financial assets in the 2021 Audited Financial Statements, amounting to €7.8 million under Intangible Assets in the Statement of Financial Position as at 30 June 2022. In respect of Arsinoe, in February 2022, a liability of €6.0 million has been recognized.

### *Bond*

As stated in the Directors' Report in the 2021 Audited Financial Statements, on 21 August 2020 the Company was admitted to listing and trading in the Malta Stock Exchange via its €40 million 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 effected the first payment of the interest of €1.6 million to the Bond holders in August 2021 and it has recorded the necessary accruals and expects to effect the second payment of interest and to pay the Bond holders an amount of €1.6 million, representing earned interest, on 18 August 2022.

### **Commentary on COVID-19 pandemic**

Similar to what was stated in Management Report in the 2021 Audited Financial Statements, as of the date of this half-year 2022 report, 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 facts that a significant percentage of the population worldwide, including Cyprus, has been vaccinated, that the dominant variants of the virus, in most cases, do not lead to serious illness and to hospitalizations and that many of the Governments abroad, including the Cyprus Government, abolished almost all protective measures against COVID-19 gradually returning back to prior COVID-19 normality, 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.

# CABLENET COMMUNICATION SYSTEMS PLC

## Directors' Report pursuant to Listing Rule 5.75.2 For the period 1 January 2022 to 30 June 2022

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The Company's management has not identified the need for any COVID-19-related provisions or impairment charges at this point. The Company's management also believes that it is taking all necessary measures to maintain the viability of the Company and the smooth conduct of its operations in the current business and economic environment.

### **Commentary on Ukrainian crisis**

The Company offers services to Cyprus-based entities only, of which some may have Russian or Ukrainian nationality or ownership, but they represent a very small part of the Company's annual revenue and no impact has as yet been noticed on the number of such customers or their payments. On the suppliers of material and services side, the Company has no reliance of size to providers from those countries. The Company's TV platform has also discontinued broadcasting 3 Russia-originating TV channels, one on 3 March 2022 and the other two on 10 March 2022, due to the relevant EU directives and commercial considerations.

At the moment and since the military actions are still ongoing, it is not possible for management to predict with any degree of certainty the impact on the Company's financial results. The more pronounced effects have so far been indirect, such as higher costs of transportation and inputs of energy or commodity-based (i.e. steel or copper) material employed in Cablenet's operations and networks. It is expected that if the situation does not deteriorate further, there will be no material impact on the Company's activities and on its financial results this year.

Management is closely monitoring the situation and is ready to act depending on the developments.

### **Internal investigation related to EU-funded projects**

As stated in the 2021 Audited Financial Statements, after an investigation with the assistance of external independent legal advisors, as well as correspondence with the EU Research Executive Agency ("EU REA"), it was estimated as at 31 December 2021 that the Company will be required to return back to the EU REA or other recipients designated by it, a part (€460,330) of the total funds (€607,680) disbursed to the Company between 2017 to 2020.

The €460,330 figure represented management's best estimate at the time (31 December 2021), based on discussions with the EU REA and reporting systems employed by it. Subsequently, the Company returned to the EU-appointed beneficiary, the Foundation for Research and Technology - Hellas based in Greece, an amount of €109,480 in March 2022 representing the full settlement for one of the EU-funded projects and matching management's estimates. In July 2022 the full settlement of another project was concluded, with an amount of €131,400 being paid to the same EU-appointed beneficiary, the Foundation for Research and Technology - Hellas. The amount paid is €14,850 higher than the amount provided for in the 2021 Audited Financial Statements, which the Directors consider immaterial. As such, two of the four EU-funded projects have been settled.

As far as the two yet-to-settle EU-funded projects are concerned, at the end of July 2022, the Company was informed by EU REA that the amount that will be expected to be returned in relation to one of the last two yet-to-settle projects will be €30,600 higher than the amount originally provided for in the 2021 Audited Financial Statements (please refer to Notes 12 and 13). The EU REA notification, on the date of this report, and the Company's exercise of its 30-day right to challenge the calculation are pending internal review and conclusion. The Directors concur with management's recommendation that, pending formal internal conclusion on the above and given the communicated variance in the amount is not material, the provision of €350,850 as at 30 June 2022 remains as management's best estimate and appropriate accounting entries will be promptly effected, should circumstances or new developments warrant it. No update has been received by EU REA regarding the last project.

It should be pointed out that no additional monetary liabilities were imposed on the projects that were fully settled in March 2022 and in July 2022. For further information, please refer to Note 12 - EU-funded projects.

### **Related party transactions**

During the period under review, the Company procured Directors', Secretary's and Technical Advisory services from GO plc amounting to €0.1 million (30 June 2021: €0.1 million).

# CABLENET COMMUNICATION SYSTEMS PLC

## Directors' Report pursuant to Listing Rule 5.75.2 For the period 1 January 2022 to 30 June 2022

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On 2 June 2022, the Company obtained a loan from GO plc of €3.5 million. The loan bears interest at the rate of 4% per annum. There is a Moratorium period of two years, during which the Company will pay only the interest portion on the loan on a quarterly basis with the first interest payment due on 2 September 2022. Following the Moratorium period, the Company will pay both capital and interest also on a quarterly basis, starting from June 2024, with the loan's maturity date being the 2nd of June 2027.

### Dividends

The Board of Directors does not recommend the payment of a dividend (2021: €NIL).

### Board of Directors

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

Nikhil Prakash Patil (Chairman)  
Lassaad Ben Dhieb (Appointed on 23 May 2022)  
Faker Hnid  
Paul Testaferrata Moroni Viani  
Michael Warrington  
Neoclis Nicolaou  
Yiannos Michaelides  
Menelaos Shiacolas  
Marios Kalochoritis

Approved by the Board of Directors on 5 August 2022 and signed on its behalf by



Nikhil Prakash Patil  
Chairman of the Board



Yiannos Michaelides  
Director

# CABLENET COMMUNICATION SYSTEMS PLC

## Condensed interim statement of comprehensive income For the period 1 January 2022 to 30 June 2022

	Note	Six months ended 30 June 2022 Unaudited €	Six months ended 30 June 2021 Unaudited €
<b>Revenue</b>	11	30,105,073	25,640,025
Cost of sales		<u>(19,905,338)</u>	<u>(17,306,091)</u>
<b>Gross profit</b>		<b>10,199,735</b>	<b>8,333,934</b>
Other operating income		54,463	59,108
Selling and distribution expenses		(2,772,901)	(2,410,260)
Administration expenses		(9,732,780)	(7,710,375)
Net impairment losses on financial assets		<u>(167,344)</u>	<u>(187,853)</u>
<b>Operating loss</b>		<b>(2,418,827)</b>	<b>(1,915,446)</b>
Analysed as follows:			
EBITDA		<b>7,197,130</b>	<b>7,091,203</b>
Depreciation and amortisation		<u>(9,615,957)</u>	<u>(9,006,649)</u>
<b>Operating loss</b>		<b>(2,418,827)</b>	<b>(1,915,446)</b>
Finance costs		<u>(1,562,351)</u>	<u>(1,142,873)</u>
<b>Loss before income tax</b>		<b>(3,981,178)</b>	<b>(3,058,319)</b>
Income tax expense		<u>(10,671)</u>	<u>(13,550)</u>
<b>Loss for the period</b>		<b>(3,991,849)</b>	<b>(3,071,869)</b>
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the period</b>		<b><u>(3,991,849)</u></b>	<b><u>(3,071,869)</u></b>

The notes on pages 9 to 20 form an integral part of these condensed interim financial statements.

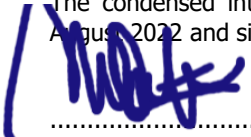



# CABLENET COMMUNICATION SYSTEMS PLC

## Condensed interim statement of financial position 30 June 2022

	Note	As at 30 June 2022 Unaudited €	As at 31 December 2021 Audited €
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	42,813,898	41,858,393
Right-of-use assets	7	20,433,123	4,259,576
Intangible assets	7	25,593,099	22,208,939
Financial assets at amortised cost		284,973	350,487
Trade receivables		445,331	-
Other non-financial assets	7	143,946	6,955,086
Deferred tax assets		703,159	713,830
		<b>90,417,529</b>	<b>76,346,311</b>
<b>Current assets</b>			
Inventories		378,850	294,556
Trade receivables		3,955,825	2,743,358
Other non-financial assets	7	1,782,302	4,322,255
Restricted cash	10	3,050,325	3,927,407
Cash and cash equivalents (excluding bank overdrafts)	10	676,845	708,961
		<b>9,844,147</b>	<b>11,996,537</b>
<b>Total assets</b>		<b>100,261,676</b>	<b>88,342,848</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		5,749,995	5,749,995
Other reserves		26,393,078	26,393,078
Accumulated losses		(27,773,423)	(23,781,574)
<b>Total equity</b>		<b>4,369,650</b>	<b>8,361,499</b>
<b>Non-current liabilities</b>			
Borrowings		42,645,724	38,315,796
Lease liabilities	7	11,452,755	3,148,118
Trade and other payables		5,106,956	7,847,192
Football rights liability		5,135,465	8,019,831
		<b>64,340,900</b>	<b>57,330,937</b>
<b>Current liabilities</b>			
Trade and other payables		19,966,191	14,669,257
Borrowings		3,614,581	2,120,685
Lease liabilities	7	2,496,448	1,099,962
Football rights liability		5,472,584	4,760,508
Current tax liabilities		1,322	-
		<b>31,551,126</b>	<b>22,650,412</b>
<b>Total liabilities</b>		<b>95,892,026</b>	<b>79,981,349</b>
<b>Total equity and liabilities</b>		<b>100,261,676</b>	<b>88,342,848</b>

The condensed interim financial statements were approved by the board of directors, authorised for issue on 5 August 2022 and signed on its behalf by:

  
.....  
Nikhil Prakash Patil  
Chairman of the Board

  
.....  
Yiannos Michaelides  
Director

The notes on pages 9 to 20 form an integral part of these condensed interim financial statements.

# CABLENET COMMUNICATION SYSTEMS PLC

Condensed interim statement of changes in equity  
For the period 1 January 2022 to 30 June 2022

	Note	Share capital €	Other reserves €	Accumulated losses €	Total €
<b>Balance at 1 January 2021 as previously reported</b>		5,749,995	26,393,078	(19,016,583)	13,126,490
Restatements	6	-	-	(194,379)	(194,379)
<b>Balance at 1 January 2021 as restated</b>		5,749,995	26,393,078	(19,210,962)	12,932,111
<b>Comprehensive income</b>					
Loss for the period		-	-	(3,071,869)	(3,071,869)
<b>Balance at 30 June 2021</b>		<u>5,749,995</u>	<u>26,393,078</u>	<u>(22,282,831)</u>	<u>9,860,242</u>
<b>Balance at 31 December 2021/1 January 2022</b>		5,749,995	26,393,078	(23,781,574)	8,361,499
<b>Comprehensive income</b>					
Loss for the period		-	-	(3,991,849)	(3,991,849)
<b>Balance at 30 June 2022</b>		<u>5,749,995</u>	<u>26,393,078</u>	<u>(27,773,423)</u>	<u>4,369,650</u>

The notes on pages 9 to 20 form an integral part of these condensed interim financial statements.

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# CABLENET COMMUNICATION SYSTEMS PLC

## Condensed interim statement of cash flows For the period 1 January 2022 to 30 June 2022

	Six months ended 30 June 2022 Unaudited €	Six months ended 30 June 2021 Unaudited €
Note		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Loss before income tax</b>	(3,981,178)	(3,058,319)
Adjustments for:		
Depreciation of property, plant and equipment	5,028,960	4,581,912
Amortisation of intangible assets	3,751,415	3,913,260
Depreciation of right-of-use assets	835,582	511,477
Profit from the sale of property, plant and equipment	(420)	(500)
Interest expense	1,292,970	910,241
	<b>6,927,329</b>	<b>6,858,071</b>
<b>Changes in working capital:</b>		
(Increase)/decrease in inventories	(84,294)	14,481
Increase in trade receivables	(1,657,798)	(2,387,140)
Decrease in other non-financial assets	6,375,535	-
Decrease/(increase) in financial assets at amortised cost	65,514	-
Increase/(decrease) in trade and other payables	2,556,698	(732,649)
<b>Cash generated from operations</b>	<b>14,182,984</b>	<b>3,752,763</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment for purchase of intangible assets	(9,830,428)	(223,336)
Payment for purchase of property, plant and equipment	(6,796,617)	(6,487,926)
Payment for football rights	(1,834,408)	(2,193,930)
Proceeds from disposal of property, plant and equipment	420	500
<b>Net cash used in investing activities</b>	<b>(18,461,033)</b>	<b>(8,904,693)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments of leases liabilities	(1,198,342)	(801,245)
Proceeds from borrowings	3,500,000	-
Interest paid	(415,947)	(2,821)
Decrease/(increase) in restricted bank deposits	877,082	(3,547,133)
<b>Net cash generated from/(used in) financing activities</b>	<b>2,762,793</b>	<b>(4,351,199)</b>
<b>Net decrease in cash, cash equivalents and bank overdrafts</b>	<b>(1,515,256)</b>	<b>(9,503,129)</b>
Cash, cash equivalents and bank overdrafts at beginning of the period	188,276	8,048,917
<b>Cash, cash equivalents and bank overdrafts at end of the period</b>	<b>10 (1,326,980)</b>	<b>(1,454,212)</b>

The notes on pages 9 to 20 form an integral part of these condensed interim financial statements.

# CABLENET COMMUNICATION SYSTEMS PLC

## Notes to the Condensed Interim Financial Statements For the period 1 January 2022 to 30 June 2022

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### 1. General information

Cablenet Communication Systems PLC (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 Ayiou Nicolaou Street, Block A, Nimeli Court, 2nd Floor, 2408 Engomi, Nicosia, Cyprus. On 25 June 2020, the Company converted into a public company under the provisions 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.

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

The financial statements of the Company as at and for the year ended 31 December 2021 are available upon request from the Company's registered office and also available for viewing in the Investor Centre section of its website at <https://cablenet.com.cy/en/investor-centre-announcements-contacts/>.

These condensed interim financial statements were approved for issue by the Board of directors on 5 August 2022.

The condensed interim financial statements have been reviewed in accordance with the requirements of ISRE 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

### 2. Basis of preparation

The condensed interim financial statements as at and for the six-month period ended 30 June 2022 have been prepared in accordance with Accounting Standard 34, "Interim Financial Reporting" and the requirements of the Cyprus Companies Law, Cap. 113.

The condensed interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, the condensed interim financial statements information should be read in conjunction with the annual financial statements for the year ended 31 December 2021, which have been prepared in accordance with IFRSs and as adopted by the EU and the requirements of the Cyprus Companies Law, Cap. 113 and any public announcements made by the Company during the interim reporting period.

Please refer to the Director's report for all events and transactions that are significant to the understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period.

There were no unusual items because of their nature, size or incidence impacting the results for the 2022 and 2021 results as presented in these condensed interim financial statements. The recognition of the 4G and 5G spectrum frequencies and the capitalization of the Arsinoe subsea cable are described in Note 7.

#### *(a) Accounting policies*

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2021, as described in those annual financial statements.

#### *New and amended standards adopted by the Company*

A number of new or amended standards became applicable for the current reporting period. The impact of the adoption of these revisions on the Company's accounting policies and on the Company's accounting results is insignificant.

#### *(b) Impact of COVID-19*

As of the date of this half-year 2022 report, management has concluded and the Board concurs that the demand for the Company's services from customers has not been materially impacted.

# CABLENET COMMUNICATION SYSTEMS PLC

## Notes to the Condensed Interim Financial Statements For the period 1 January 2022 to 30 June 2022

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### 2. Basis of preparation (continued)

Going forward, in view of the fact that a significant percentage of the island's population has already been vaccinated and based on the pandemic trends and indicators published by the government, the Company does not foresee any major effects from the pandemic which could significantly and adversely affect its financial results and forward-looking statements. This determination will be re-evaluated should future developments, trends or other information materialise.

The Company's management has not identified the need for any COVID-19-related provisions or impairment charges at this point. The Company's management also believes that it is taking all necessary measures to maintain the viability of the Company and the smooth conduct of its operations in the current business and economic environment.

#### *(c) Impact of Ukrainian crisis*

As of the date of this half-year 2022 report, management has concluded and the Board concurs that the demand for the Company's services from customers from Russia and Ukraine as well as the Company's purchases chain have not been materially impacted from the ongoing crisis in Ukraine.

The Company's management view is that, unless the situation deteriorates further, there will be no material impact on the Company's activities and on its financial results this year.

### 3. Going concern basis

The Company incurred a loss of €3,991,849 (30 June 2021: loss of €3,071,869). Additionally, the Company's accumulated losses as at 30 June 2022 amounted to €27,773,423 (31 December 2021: accumulated losses of €23,781,574). This is the result of the Company's growth development strategy. For instance, during the first six months of 2022, €4,256,474 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 telecommunication and TV services and the production and sale of Sports TV content.

#### Financial position

As at 30 June 2022, the Company's current liabilities exceeded its current assets by €21,706,979 (31 December 2021: net current liabilities position of €10,653,875). This is primarily down to two factors: a reflection of Cablenet's high investment momentum and a feature of Cablenet's industry and the advantageous payments and collections cycle enjoyed. Cablenet's high investment momentum means that its total income, for the reported period but also the prior 2021 annual one, is lower than its total spending. Furthermore, telecom operators collect revenue from customers on a pre-paid basis (before the service is provided) or a post-paid (after the service is provided and typically up to 30 days after) basis, whereas suppliers and vendors typically get paid between 30 and 90 days. The combination of the two factors results in less current assets than current liabilities being recognised on Cablenet's balance sheet at any given time. Furthermore, an amount of €5,025,152 representing Dividends due to shareholders and other amount due to the minority shareholder (Note 9) is reflected under current liabilities as at 30 June 2022 as their payment terms were amended to be repayable on demand, whereas the same amount was reflected under non-current liabilities in the 2021 Audited Financial Statements. In addition, as a result of the recognition of the 4G and 5G spectrum frequencies under Right-of-Use Assets as explained in Note 7(a), both the current and the non-current portions of Lease Liabilities in the statement of financial position have been increased. In fact, the current portion reflected under current liabilities has increased by €1.4 million when compared with the 2021 Audited Financial Statements.

#### Relevant factors considered:

- The Company can obtain additional borrowings in order to meet or refinance its obligations as and when they fall due. The total approved limit of the overdraft facilities of the Company as at 30 June 2022 was €4,000,000 and an amount of €2,494,698 (31 December 2021: €3,978,396) was available. As at 30 June 2022, the Company's cash equivalents, excluding bank overdrafts, were positive amounted to €676,845 (30 June 2021: positive €708,961) excluding restricted cash deposits.

# CABLENET COMMUNICATION SYSTEMS PLC

## Notes to the Condensed Interim Financial Statements For the period 1 January 2022 to 30 June 2022

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### 3. Going concern basis (continued)

- The Company's cash equivalents exclude restricted deposits of €3,050,325 (31 December 2021: €3,927,407). These deposits act as collateral for issued short-term as well as long-term letters of guarantee and are expected to be partly released back to the Company's liquidity over time - the next release will amount to an estimated amount of €343,000 and is due for June 2023.
- The majority of the Company's borrowings is non-current and due in 2030 with a low servicing cost.
- Included in current liabilities are the amounts of Deferred Subscription Income of €2,612,962 (31 December 2021: €5,422,645) for which no cash outflow is expected.
- Future borrowings may be sourced from third parties or from the Company's shareholders, with the latter's availability having been concretely demonstrated recently, by GO plc granting a loan of €3.5 million to the Company in June 2022 as well as in numerous occasions in the past.

#### Cash flows

For the year ended 30 June 2022, the cash and cash equivalents decreased by €(1,515,256). As at 30 June 2021, the Company's cash equivalents amounted to €(9,503,129).

#### 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, the Company expects 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.
- As mentioned above, the Company has restricted cash deposits of €3,050,325 million which were sourced from the bond issuance proceeds (€ 40m) and which they will be gradually released for future usage.
- The total revenue of the Company is expected to continue increasing at rates comparable to those of the prior year (2022: increase by €4.5m). 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 subscribers d) increase in sales of devices via the device financing scheme introduced in December 2021 and e) 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 and c) expand further its presence in the mobile telecommunication services section. The latter represents the majority of the Cypriot telecom market's revenue. The Company's share of the mobile market is rapidly increasing and is estimated by the Company at 5.0% as June 30, 2022 (3.5% as of 31 December 2021 and 2.3% as of June 30, 2021; OCECPR data). Given the size of this market, the continued expansion of our presence in mobile telecommunication services can significantly improve our financial performance.

# CABLENET COMMUNICATION SYSTEMS PLC

## Notes to the Condensed Interim Financial Statements For the period 1 January 2022 to 30 June 2022

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### 3. Going concern basis (continued)

- 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 and cover its liabilities, as and when they fall due, to enable the Company to continue trading for a minimum of 12 months from the date on which the Company's financial statements for the six-months period ended 30 June 2022 are approved by the Board of Directors. The Board of Directors has also identified discretionary expenditure across the Company's business and projects, which can be delayed, should the need arise for the conservation of liquidity.
- As mentioned above, within the current liabilities of the Company as at 30 June 2022, there is a Deferred Subscription Income of €2,612,962 (31 December 2021: €5,422,645) for which no cash outflow is expected.
- The Company has negative cash and cash equivalents, as at 30 June 2022, including bank overdrafts, amounting to €1,326,980 (30 June 2021: negative €1,454,212) and restricted cash deposits of €3,050,325 part of which, amounting to €343,000, will be released back into unrestricted cash in June 2023.
- As explained in the Directors' Report, the Ukrainian crisis is not expected to have a material impact on the projections of the Company for the going concern period.
- The Directors have also considered a letter of support obtained from GO plc, one of the Company's shareholders. In a scenario where the Company is experiencing liquidity issues, the shareholder will provide adequate financial support to enable the Company to cover any deficiency in equity and any liquidity that may arise to cover the Company's liabilities, as and when they fall due, to enable the Company to continue trading for a minimum of 12 months from the date on which the Company's financial statements for the six-months period ended 30 June 2022 are approved by the Board of Directors. Additionally, the shareholders will not call for the repayment of any amounts due by the Company to themselves, until the Company has adequate funds to repay these amounts.

### Conclusion

The Board of Directors after 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 for at least 12 months from the date that these financial statements are approved by the Board of Directors.

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.

### 4. Intangible assets, football rights and leases

#### 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 life 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.

# CABLENET COMMUNICATION SYSTEMS PLC

## Notes to the Condensed Interim Financial Statements For the period 1 January 2022 to 30 June 2022

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### 4. Intangible assets, football rights and leases (continued)

#### Intangible assets (continued)

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.

The Company's intangible assets include computer software, international capacity, leasehold rights on buildings and football broadcasting rights.

#### *International Capacity*

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

#### *Football broadcasting 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 broadcasting rights were effective from 1 July 2019 and have a duration of 35 months. In June and November 2021, as allowed by the original contract, it was communicated by the Company to these football clubs, of the Company's intention to renew the contracts for 24 additional months (expiry on 31 May 2024).

On initial recognition the asset is measured at cost. The cost represents the total of any prepayments paid plus the present value of the estimated future contractual payments, including the fair value of the future contingent payments at acquisition. A financial liability is recognised at the same fair value. Subsequent to initial measurement, the intangible asset is amortised to profit or loss over the contractual period of the term of the contract. If, on the balance sheet date, indications for impairment are identified, then the asset is assessed for impairment.

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). Subsequently, the financial liability is measured at amortised cost, following the requirements of IFRS 9 "Financial instruments". The Company adjusts the carrying amount of the financial liability to reflect actual and updated estimated cash flows whenever the cash flow estimates are revised. The Company recalculates the carrying amount of the liability by computing the present value of estimated future cash flows at the financial instrument's original effective interest rate or, where applicable, the revised effective interest rate. Subsequent changes in the measurement of the liability are unrelated to the cost of the asset. The adjustment is therefore recognised in profit or loss as income or 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.



# CABLENET COMMUNICATION SYSTEMS PLC

## Notes to the Condensed Interim Financial Statements For the period 1 January 2022 to 30 June 2022

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### 4. Intangible assets, football rights and leases (continued)

#### Intangible assets (continued)

##### *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 recognized as intangible assets. Subsequently, computer software is carried at cost less any accumulated amortization and any accumulated impairment losses. Expenditure which enhances or extends the performance of computer software programs beyond their original specifications is recognized as a capital improvement and added to the original cost of the computer software. Costs associated with maintenance of computer software programs are recognized as an expense when incurred. Computer software costs are amortized using the straight-line method over their useful lives, not exceeding a period of three years. Amortization commences when the computer software is available for use.

An intangible asset is derecognized 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 recognized in profit or loss when the asset is derecognized. The amortization expense of computer software is included in administration expenses.

##### *Spectrum licences*

Spectrum licences are treated as Right-of-Use (ROU) assets taking into account prevailing market accounting practice and guidance in this respect in the context of the interpretation of IFRS 16 principles. In May 2022 both the Company's spectrum licences have been capitalized under ROU assets in the Statement of Financial Position.

#### 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 Company as lessee

The Company recognises a right-of-use asset and a lease liability at the date at which the leased asset is available for use by the Company, with limited exceptions as set out below. 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.

# CABLENET COMMUNICATION SYSTEMS PLC

## Notes to the Condensed Interim Financial Statements For the period 1 January 2022 to 30 June 2022

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### 4. Intangible assets, football rights and leases (continued)

#### Leases (continued)

The ROU 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 ROU asset or the end of the lease term. The depreciation expenses of ROU assets are included in administration expenses. The estimated useful lives of the ROU assets are determined on the same basis as those of property and equipment. ROU assets are reviewed for impairment in accordance with the Company's accounting policy for impairment of non-financial assets.

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. The incremental borrowing rate is the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU asset in a similar economic environment with similar terms, security and conditions.

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

- fixed payments, including in-substance fixed payments;
- 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 ROU asset, or is recorded in profit or loss if the carrying amount of the ROU asset has been reduced to zero.

In determining the lease term, the management of the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Company.

#### *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.

### 5. Segmental reporting

The Company determines and presents operating segments based on the information that internally is provided to the Board of Directors, which is the Group's chief operating decision-maker in accordance with the requirements of IFRS 8, Operating Segments. The Board of Directors of the Company has not applied significant estimates and calculations regarding the definition of the Company's operating segments. The Board of Directors of the Company monitors internal reports to evaluate the performance of the Company and allocate its resources. Based on management's assessment, the Company has only one operating segment.

# CABLENET COMMUNICATION SYSTEMS PLC

## Notes to the Condensed Interim Financial Statements For the period 1 January 2022 to 30 June 2022

### 6. Prior period errors

The effect was as follows on amounts as at 31 December 2020 / 1 January 2021:

	As originally presented	Effect of correction	As restated
<b>Equity</b>			
Accumulated losses	19,016,583	194,379	19,210,962

The nature of the prior period errors has been thoroughly explained in Note 4 of the 2021 Audited Financial Statements, available for viewing in the Investor Centre section of the Company's website at <https://cablenet.com.cy/en/investor-centre-announcements-contacts/>.

### 7. Property, plant and equipment - Right-of-use assets - Intangible assets

#### (a) Movement during the period

The increase in Property, plant and equipment by €955,505 during the six months ended 30 June 2022, is mainly driven by a) additions of €6.2 million b) depreciation of €4.9 million and c) the reclassification of leasehold rights from Property, plant and equipment amounting to c. €0.3 million to Right-of-Use Assets.

In May 2022 both 4G and 5G spectrum frequencies have been capitalized under Right-of-Use Assets in the statement of financial position, with a total Right-of-use asset of €15.9 million being recognized. A corresponding liability of €10.6 million has been recognized on that date. The balance of €5.3 million relates to the payments in respect of the spectrum frequencies which have already been effected prior to the capitalization, between 2019 to 2022, and originally reflected under Other non-financial assets and, upon capitalization, reduced the liability. This led to a significant increase in Right-of-Use Assets and Lease Liabilities when compared with the 2021 Audited Financial Statements.

In February 2022 the Arsinoe subsea cable IRU agreement has been capitalized under Intangible Assets - International Capacity in the statement of financial position, with an asset of €7.8 million being recognized. The remaining variance of the intangible assets from 31 December 2021 to 30 June 2022 is mainly driven by the amortization charge of €3.7 million and a reclassification of c. €0.3 million from intangible assets to Right-of-Use Assets.

As a result of the 4G and 5G spectrum frequencies and of the Arsinoe capitalization stated above, there was a significant reduction in the prepayments both current and non-current, classified under Other non-financial assets in the statement of financial position, when compared with the 2021 Audited Financial Statements.

#### (b) Capital commitments

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

	As at 30 June 2022 Unaudited €	As at 31 December 2021 Audited €
Contracted for:		
Property, plant and equipment	3,051,188	1,788,950
Intangible assets	748,813	13,226,781
	<b>3,800,001</b>	<b>15,015,731</b>

The reduction in the capital commitments for intangible assets between 31 December 2021 and 30 June 2022 is due to the 4G and 5G spectrum frequencies which have been capitalized in May 2022 (See Note 7(a)).

# CABLENET COMMUNICATION SYSTEMS PLC

## Notes to the Condensed Interim Financial Statements For the period 1 January 2022 to 30 June 2022

### 8. Contingent liabilities

As at 30 June 2022 the Company had contingent liabilities in respect of bank guarantees arising in the ordinary course of business from which the Board of Directors is not anticipating that material liability will arise. These guarantees amounted to €9,295,427 (31 December 2021: €11,810,473).

The total amounts of contingent liabilities of the Company are as follows:

	<b>As at 30 June 2022 Unaudited</b>	<b>As at 31 December 2021 Audited</b>
	€	€
Within one year	9,266,197	11,780,443
Between one and five years	29,230	24,576
After five years	-	5,454
	<b><u>9,295,427</u></b>	<b><u>11,810,473</u></b>

The bank guarantees are secured as follows:

- Mortgage for €750,000 on Leasehold property of Cablenet Communication Systems PLC.
- Floating charge of €37,071,504 on the property of Cablenet Communication Systems PLC.
- Restricted bank deposits securing three of the granted bank guarantees, specifically the two guarantees in favour of the Department of Electronic Communications relating to 4G and 5G radio spectrum frequencies and the one to CYTA relating to the RAN Sharing agreement.

Furthermore, as stated in the 2021 Audited Financial Statements, the Company granted Guarantees to Velister Ltd, securing Velister Ltd bank loans and overdraft. The balance of these guarantees as at 30 June 2022 amounts to €896,208 (31 December 2021: €1,206,606).

The Board of Directors do not expect any material losses to occur from the guarantees granted to Velister Ltd.

The Company had no other contingent liabilities as at 30 June 2022, other than what is disclosed in Note 12.

### 9. Related party transactions

#### *(a) Parent and ultimate controlling party*

The Company is directly controlled by GO plc, incorporated in Malta, which owns the 63.38% (2021: 63.38%) of the Company's shares. The remaining shares are held by Nicolas Shiacolas.

The above percentages were recently changed - refer to Note 13 - Events after the reporting period.

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 ultimate controlling party of the Company is Tunisie Telecom.

#### *(b) Related party transactions*

Consistent with the disclosures in the audited financial statements for the year ended 31 December 2021, the Company has related party relationships with i) the controlling entity, GO plc, in Malta and ii) the Company's other shareholder, Mr. Nicolas Shiacolas, a legal entity associated with Mr. Shiacolas and a close member of his family, who is also one of the Company's Directors.

# CABLENET COMMUNICATION SYSTEMS PLC

## Notes to the Condensed Interim Financial Statements For the period 1 January 2022 to 30 June 2022

### 9. Related party transactions (continued)

The following transactions were carried out with related parties:

#### 9.1 Payables to related parties

Name	Nature of transactions	As at 30 June	As at 31
		2022	December
		Unaudited	2021 Audited
		€	€
GO plc	Dividends	2,848,546	2,848,546
Nicolas Shiacolas	Finance	129,969	129,969
Nicolas Shiacolas	Dividends	2,046,637	2,046,637
C.N. Shiacolas (Investments) Ltd	Trade	28,984	26,595
Menelaos Shiacolas (Director and close family member with Nicolas Shiacolas)	Finance	131,464	134,797
GO plc	Trade	52,340	11,532
GO plc	Finance	3,500,000	-
		<b>8,737,940</b>	<b>5,198,076</b>

The dividends payable and the amount due to Nicolas Shiacolas - Finance as at 31 December 2021 were classified within non-current Trade and other payables. As at 30 June 2022, they were reclassified within current Trade and other payables as their payment terms were amended to be repayable on demand.

On 2 June 2022, the Company obtained a loan from GO plc of €3.5 million. The loan bears interest at the rate of 4% per annum. There is a Moratorium period of two years, during which the Company will pay only the interest portion on the loan on a quarterly basis with the first interest payment due on 2 September 2022. Following the Moratorium period, the Company will pay both capital and interest also on a quarterly basis, starting from June 2024, with the loan's maturity date being the 2nd of June 2027.

The loan is presented within non-current borrowings in the statement of financial position.

### 10. Cash and cash equivalents

Cash balances are analysed as follows:

	As at 30 June	As at 31
	2022	December
	Unaudited	2021 Audited
	€	€
Cash in hand	60,127	42,783
Cash at bank	616,718	666,178
	<b>676,845</b>	<b>708,961</b>

In addition to the cash and cash equivalents presented above, the Company's restricted bank deposits as at 30 June 2022 were €3,050,325 (31 December 2021: €3,927,407). This amount represents the cash collateral of Good Payment Letters of Guarantee in favour of a) the Director of the Department of Electronic Communications, relating to 4G and 5G radio spectrum frequencies with expiry dates of 14 June 2023 and 20 July 2026 respectively and b) CYTA, relating to the RAN Sharing agreement signed with CYTA in May 2021 expiring on 15 June 2023. As the payments to the Department of Electronic Communications continue on an annual basis, further reductions in the restricted deposits are expected in the future.

# CABLENET COMMUNICATION SYSTEMS PLC

## Notes to the Condensed Interim Financial Statements For the period 1 January 2022 to 30 June 2022

### 10. Cash and cash equivalents (continued)

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

	<b>As at 30 June 2022 Unaudited</b>	<b>As at 31 December 2021 Audited</b>
	€	€
Cash at bank and in hand	676,845	708,961
Bank overdrafts	<u>(2,003,825)</u>	<u>(520,685)</u>
	<b><u>(1,326,980)</u></b>	<b><u>188,276</u></b>

### 11. 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.

	<b>Six months ended 30 June 2022 Unaudited</b>	<b>Six months ended 30 June 2021 Unaudited</b>
	€	€
Telecommunication services	25,670,845	22,034,215
Sales of goods	219,065	169,684
Football broadcasting rights related revenue	3,223,426	3,345,455
Sales of mobile devices	<u>991,737</u>	<u>90,671</u>
	<b><u>30,105,073</u></b>	<b><u>25,640,025</u></b>

### 12. EU-funded projects

In June 2021, the Directors of the Company were made aware of potential irregularities in relation to the Company's participation in certain EU-funded projects.

As stated in the 2021 Audited Financial Statements, after an investigation with the assistance of external independent legal advisors, as well as correspondence with the EU Research Executive Agency ("EU REA"), it was estimated as at 31 December 2021 that the Company will be required to return back to the EU REA or other recipients designated by it, a part (€460,330) of the total funds (€607,680) disbursed to the Company between 2017 to 2020. A relevant provision has been set up in the books of the Company as at 31 December 2021. In addition, an amount of €48,744 previously recognized as receivable under these EU-funded projects has been written off during 2021. As a result, a loss in respect of the EU-funded projects of €509,074 was recognized in the Statement of Comprehensive Income for the year ended 31 December 2021.

The €460,330 figure represented management's best estimate at the time (31 December 2021), based on discussions with the EU REA and reporting systems employed by it. Subsequently, the Company paid to the EU-appointed beneficiary, the Foundation for Research and Technology - Hellas based in Greece, an amount of €109,480 in March 2022 representing the full settlement for one of the EU-funded projects, which is exactly the same amount with the amount provided for in the 2021 Audited Financial Statements. In July 2022 the full settlement of another project has been concluded, with an amount of €131,400 being paid to the same EU-appointed beneficiary, the Foundation for Research and Technology - Hellas. The amount paid is €14,850 higher than the amount provided for in the 2021 Audited Financial Statements, which the Directors consider immaterial. As such, two of the four EU-funded projects have been settled.

# CABLENET COMMUNICATION SYSTEMS PLC

## Notes to the Condensed Interim Financial Statements For the period 1 January 2022 to 30 June 2022

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### 12. EU-funded projects (continued)

As far as the two yet-to-settle EU-funded projects are concerned, at the end of July 2022, the Company was informed by EU REA that the amount that will be expected to be returned in relation to one of the last two yet-to-settle projects will be €30,600 higher than the amount originally provided for in the 2021 Audited Financial Statements (please refer also to Note 13). The EU REA notification, on the date of this report, and the Company's exercise of its 30-day right to challenge the calculation are pending internal review and conclusion. The Directors concur with management's recommendation that, pending formal internal conclusion on the above and given the communicated variance in the amount is not material, the provision of €350,850 as at 30 June 2022 remains as management's best estimate and that appropriate accounting entries will be promptly effected, should circumstances or new developments warrant it. No update has been received by EU REA regarding the last project.

Under the applicable framework regulating these grants, the EU retains the right to impose monetary liabilities in addition to the amounts mentioned above. Taking all facts available to management at the time of authorization of these Condensed Interim Financial Statements, the likelihood of such occurrence is assessed as possible, rather than probable. Therefore, as it was the case in 2021 Audited Financial Statements, these financial statements do not include any provisions for such amounts. In the case of a financial penalty, this may be imposed in respect of each project and will not exceed 10% of the aggregate grant amount the Company was entitled to under the grant agreement in each project. It should be pointed out that no additional monetary liabilities were imposed on the project which, as stated above, was fully settled in March 2022, as well as on the project which was fully settled in July 2022.

### 13. Events after the reporting period

Although the Company was not materially affected from the Coronavirus disease (COVID-19) pandemic and the Ukrainian crisis, since the pandemic as well as the war in Ukraine are still in progress and the negative impact on economic activity still continues, the Company might experience negative results, and liquidity constraints and incur impairments on its assets in 2022. The exact impact on the Company's activities in 2022 and thereafter cannot be predicted. During the period under review, the Company has incurred losses amounting to around €0.03 million due to COVID-19 (31 December 2021: less than €0.1 million).

In July 2022, GO plc has executed a share purchase agreement with inter alia Mr. Nicolas Shiacolas for the purchase and acquisition of an additional two hundred and thirty thousand (230,000) shares with nominal value of €1.71 each. As a result, GO's ownership in the Company increases to 70.22% with the ownership of Mr. Nicolas Shiacolas reducing to 29.78%. The relevant Company's announcement is available for viewing in the Investor Centre section of the Company's website at <https://cablenet.com.cy/en/investor-centre-announcements-contacts/>.

Please refer to Note 12 for all subsequent events in respect of the EU-funded projects.

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

# CABLENET COMMUNICATION SYSTEMS PLC

## Statement Pursuant to Listing Rule 5.75.3 For the period 1 January 2022 to 30 June 2022

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I hereby confirm that to the best of my knowledge:

- the condensed interim financial statements give a true and fair view of the financial position of the Company as at 30 June 2022, and of its financial performance and cash flows for the six-month period then ended in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (International Accounting Standard 34, "Interim Financial Reporting" and the requirements of the Cyprus Companies Law, Cap. 113);
- the Interim Directors' report includes a fair review of the information required in terms of Listing Rules 5.81 to 5.84.



Nikhil Prakash Patil

Chairman of the Board

5 August 2022





## **Independent review report to the directors of Cablenet Communication Systems PLC**

### **Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Cablenet Communication Systems PLC as of 30 June 2022 and the related condensed interim statements of comprehensive income, changes in equity and cash flows for the six-month period then ended and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standard 34, 'Interim financial reporting', as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, as adopted by the European Union.

A handwritten signature in blue ink that reads 'N. A. Theodoulou'.

Nicos A. Theodoulou  
Certified Public Accountant and Registered Auditor  
For and on behalf of

PricewaterhouseCoopers Limited  
Certified Public Accountants and Registered Auditors

Nicosia, 5 August 2022

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