CABLENET COMMUNICATION SYSTEMS PLC

Condensed Interim Financial Statements

For the Period 1 January 2021 to
30 June 2021

Company Registration Number: 137520

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CABLENET COMMUNICATION SYSTEMS PLC

Directors' Report pursuant to Listing Rule 5.75.2

For the period 1 January 2021 to 30 June 2021

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 2021 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 2020.

Principal activities

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

Review of financial performance and significant events

For the first 6 months of 2021, 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 an enduring factor in Cablenet's performance during the whole period under review, as it did in 2020. However, the Company, drawing on the knowledge and experience gained and measures and actions employed in 2020, managed to avoid any significant disruptions on its operations, retail shops and network expansion and installations.

In May 2021, the Company concluded its discussions with CYTA and signed, on the basis of the previously disclosed MoU, a long-term Mobile Network Services Agreement (the "MNS" or "RAN Sharing" agreement) that will allow Cablenet to access and utilise CYTA's mobile network in more attractive economic terms than the previous Mobile Virtual Network Operator ("MVNO") agreement in place. Following the signing of the MNS agreement, Cablenet has launched new commercial offers in the mobile post-paid segment and expects to launch more and see a significant acceleration of its mobile services revenue over the course of 2021.

The Company's revenue in the 6-month period amounted to €25.6 million (30 June 2020: €23.2 million), an increase of 10.3% 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 mobile services, with the only exception being that of pre-paid mobile. Given that this period includes only one month of our new mobile offering being commercially available, the revenue growth rate of 2021 vs. 2020 is expected to accelerate over the coming months and be a significant contributor towards achieving the results in our 2021 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 Company's EBITDA amounted to €7.1 million (30 June 2020 - restated: €8.3 million), a decrease of 14.5% over the same period last year. The key reasons behind this decrease were mainly the increase of costs ahead of and concurrent with the company's launch of the new mobile services offering. With the launch having started and increased revenue starting to materialise, it is reasonable to expect an improvement in this trend. Mobile services-related costs (call origination and termination, data and roaming costs) were higher by c. €0.9 million in comparison to the same period last year, taking also into account the transition in June from the old MVNO to the new RAN Sharing agreement. Staff salaries were higher in the period by c. €1.0 million as a result of the company's expansion of its network, customer base and mobile services. 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.

The Company's cash-flows for the 6-month period to June 30, 2021, as measured by the change in cash and cash equivalents, were negative €9.5 million (30 June 2020: positive €0.6 million), reflecting a) partly the ongoing investments in expanding our business lines and network and funded by the proceeds of our 2020-issued Bond and b) partly, for the 6-month period to June 30, 2021, a temporary increase of the amount restricted deposits maintained by the Company which are accounted for within the working capital calculation in our cash flow statement. During the period, previously held restricted deposits that amounted to €5.9 million as of 31 December 2020 (30 June 2020: nil) increased to €9.4 million as of 30 June 2021 and a €3.5 million cash-outflow was recorded for the first half of 2021. The 30 June 2021 €9.4 million balance of restricted deposits however, saw a significant decrease in the following days, after the June month end, to €4.3 million. The 30 June 2021 balance was temporarily and artificially inflated due to the June month-end falling in the middle of the process of our prior restricted deposits being released and new ones, at much lower levels being re-instated. Further reductions in restricted deposits are expected by year end, as well as in the future. In general, such deposits are acting as collateral to short-term (up to 1 year) 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 January 2021, the first annual instalment payment was made for the 5G frequencies the Company acquired in the December 2020 auction and in June 2021 the 3rd annual instalment for the 4G frequencies held was paid. In total, €2.3 million of mobile spectrum-related payments were made during the first 6 months of 2021 (30 June 2020: €1.1 million). These payments and the total, to date amount of spectrum instalments, of €4.3m, as at 30 June 2021, are (and going forward will be) accounted for as non-current prepayments in the statement of financial position (€1.9 million as at 31 December 2020 – restated but accounted under Trade and Other Receivables).

The Company continues to have a positive total equity of €9.9 million as at 30 June 2021 (31 December 2020 - restated: €12.9 million). The decrease is due to the loss registered in the period under review amounting to €3.1 million (30 June 2020 - restated: €1.0 million).

In May 2021, the Company exercised, at its discretion, an option contained in its Football Rights agreements with 3 domestic teams that will allow the retention of these teams' rights for 2 additional years, moving the expiration date from May 2022 to May 2024. The assets and liabilities corresponding to the Football Rights were previously (in the 2020 Annual Report) reflecting an expiration date in May 2022 in respect of these 3 domestic teams and have increased in this period to reflect the above recognition of the 2 additional years. As such, after taking into consideration accumulated amortisation of €11.3 million (30 June 2020: €8.6 million), the net book value of the football rights intangible asset was €13.6 million as at 30 June 2021 (31 December 2020 - restated: €8.5 million).

The Company's total asset base stands at €95.5 million as at 30 June 2021 (31 December 2020 - restated: €91.8 million), representing an increase of €3.7 million. The increase is the net result of a) investments in the form of operating and capital expenses and their funding via the Bond proceeds, b) depreciation and amortisation of tangible and intangible assets respectively and c) contractual or other changes in our intangible assets and liabilities such as the Football Rights extension mentioned in the above paragraph.

Bond

As stated in the Directors' Report in the 2020 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 has recorded the necessary accruals and expects to pay the Bond holders an amount of €1.6 million, representing earned interest, on 18 August 2021.

Commentary on COVID-19 pandemic

Similar to what was stated in the Directors' Report in the 2020 Audited Financial Statements, as of the date of this half-year 2021 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 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 adverse 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.

Internal investigation related to EU-funded projects

In June 2021, the Directors were made aware of potential irregularities in relation to Cablenet's participation in certain EU-funded projects. The Directors take such matters extremely seriously and to that effect they have initiated an internal investigation and have appointed external, independent legal advisors to lead the investigation and assist the Company. As of the date of this report, the investigation has not yet reached sufficient conclusions to allow, with any degree of comfort, the quantification of any potential effect on the Company's financial statements. Please refer to Note 8 for further information.

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 2020: NIL).

Dividends

The Board of Directors does not recommend the payment of a dividend (2020: €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.

Nicolas Shiacolas (Resigned as Chairman and Director on 6 June 2021)
Nikhil Prakash Patil (Appointed Chairman on 6 June 2021)
Samir Saied
Faker Hnid
Paul Testaferrata Moroni Viani
Michael Warrington
Neoclis Nicolaou
Yiannos Michaelides
Iosif Iosifakis (Resigned on 24 June 2021)
Menelaos Shiacolas (Appointed on 15 June 2021)
Marios Kalochoritis (Appointed on 9 July 2021)

CABLENET COMMUNICATION SYSTEMS PLC

Directors' Report pursuant to Listing Rule 5.75.2
For the period 1 January 2021 to 30 June 2021

Approved by the Board of Directors on 6 August 2021 and signed on its behalf by

Nikhil Prakash Patil	Yiannos Michaelides
Chairman	Director

CABLENET COMMUNICATION SYSTEMS PLC

Condensed Interim Financial Statements

Condensed interim statement of financial position
As at 30 June 2021

	Note	**As at 30 Jun 2021 Unaudited €**	As at 31 Dec 2020 Audited (restated) €
ASSETS			
Non-current assets			
Property, plant and equipment	6	**41,067,250**	39,108,611
Right-of-use assets		**4,085,920**	3,692,670
Intangible assets		**24,552,589**	20,615,850
Trade and other receivables		**337,000**	2,359,000
Prepayments		**5,090,669**	-
Deferred tax assets		**221,989**	184,862
Total non-current assets		**75,355,417**	65,960,993
Current assets			
Inventories		**64,266**	78,747
Trade and other receivables		**9,487,391**	11,321,478
Current tax assets		**2,479**	-
Cash and cash equivalents	10	**10,547,166**	14,433,225
Total current assets		**20,101,302**	25,833,450
Total assets		**95,456,719**	91,794,443
EQUITY AND LIABILITIES			
EQUITY			
Share capital		**5,749,995**	5,749,995
Reserves		**26,393,078**	26,393,078
Accumulated losses		**(22,282,831)**	(19,210,964)
Total equity		**9,860,242**	12,932,109

Condensed interim statement of financial position - continued
As at 30 June 2021

	Note	**As at 30 Jun 2021 Unaudited**	As at 31 Dec 2020 Audited (restated)
		€	€
LIABILITIES			
Non-current liabilities			
Borrowings		**39,438,880**	39,405,428
Lease liabilities		**3,019,379**	2,745,915
Trade and other payables		**8,572,784**	10,051,791
Football rights liability		**9,170,932**	2,419,278
Deferred tax liabilities		**54,435**	-
Total non-current liabilities		**60,256,410**	54,622,412
Current liabilities			
Borrowings		**3,318,734**	1,037,360
Lease liabilities		**1,071,342**	951,080
Trade and other payables		**17,356,491**	17,527,434
Football rights liability		**3,593,500**	4,724,048
Total current liabilities		**25,340,067**	24,239,922
Total liabilities		**85,596,477**	78,862,334
Total equity and liabilities		**95,456,719**	91,794,443

The notes on pages 11 to 21 are an integral part of these condensed interim financial statements.

The condensed interim financial statements set out on pages 5 to 21 were approved by the Board of Directors on 6 August 2021 and were signed on its behalf by:

Nikhil Prakash Patil
Chairman

Yiannos Michaelides
Director

CABLENET COMMUNICATION SYSTEMS PLC

Condensed Interim Financial Statements

Condensed interim statement of comprehensive income
For the period 1 January 2021 to 30 June 2021

	Note	**Six months ended 30 Jun 2021 Unaudited**	Six months ended 30 Jun 2020 Unaudited (restated)
		€	€
Revenue	11	**25,640,025**	23,205,341
Cost of sales		**(17,306,091)**	(15,397,190)
Gross profit		**8,333,934**	7,808,151
Administrative and other related expenses		**(7,710,375)**	(6,794,218)
Other income		**59,108**	51,507
Selling and distribution expenses		**(2,598,113)**	(1,389,922)
Operating loss		**(1,915,446)**	(324,482)
Analysed as follows:			
EBITDA		**7,091,202**	8,347,873
Depreciation and amortisation		**(9,006,648)**	(8,672,355)
Operating loss		**(1,915,446)**	(324,482)
Net Finance costs		**(1,142,873)**	(709,431)
Loss before tax		**(3,058,319)**	(1,033,913)
Tax expense		**(13,550)**	1,481
Loss for the period		**(3,071,869)**	(1,032,432)

The notes on pages 11 to 21 are an integral part of these condensed interim financial statements.

CABLENET COMMUNICATION SYSTEMS PLC

Condensed Interim Financial Statements

Condensed interim statement of changes in equity
For the period 1 January 2021 to 30 June 2021

Unaudited	**Share capital €**	**Reserves €**	**Accumulated losses €**	**Total €**
Balance at 1 January 2020 (as previously presented)	5,749,995	26,393,078	(16,040,850)	16,102,223
Restatements	-	-	(174,101)	(174,101)
Balance at 1 January 2020 (as restated)	5,749,995	26,393,078	(16,214,951)	15,928,122
Comprehensive income				
Loss for the period (as previously presented)	-	-	(1,022,293)	(1,022,293)
Restatements	-	-	(10,139)	(10,139)
Comprehensive income (as restated)	**-**	**-**	**(1,032,432)**	**(1,032,432)**
Balance at 30 June 2020 (as restated)	**5,749,995**	**26,393,078**	**(17,247,383)**	**14,895,690**

CABLENET COMMUNICATION SYSTEMS PLC

Condensed Interim Financial Statements

Condensed interim statement of changes in equity
For the period 1 January 2021 to 30 June 2021

Unaudited	**Share capital €**	**Reserves €**	**Accumulated losses €**	**Total €**
Balance at 1 January 2021 (as previously presented)	5,749,995	26,393,078	(19,016,583)	13,126,490
Restatements	-	-	(194,379)	(194,379)
Balance at 1 January 2021 (as restated)	5,749,995	26,393,078	(19,210,962)	12,932,111
Comprehensive income				
Loss for the period	-	-	(3,071,869)	(3,071,869)
Balance at 30 June 2021	**5,749,995**	**26,393,078**	**(22,282,831)**	**9,860,242**

The notes on pages 11 to 21 are an integral part of these condensed interim financial statements

CABLENET COMMUNICATION SYSTEMS PLC

Condensed Interim Financial Statements

Condensed interim statement of cash flows
For the period 1 January 2021 to 30 June 2021

	Note	**Six months ended 30 Jun 2021 Unaudited**	Six months Ended 30 Jun 2020 Unaudited (restated)
		€	€
Cash flows from operating activities			
Operating loss		**(3,058,319)**	(1,033,913)
Adjustments for:			
Depreciation and amortisation		**9,006,648**	8,663,314
Profit from the sale of property, plant and equipment		**(500)**	(500)
		5,947,829	7,628,901
Changes in working capital:			
Inventories		**14,481**	6,831
Restricted bank deposits		**(3,547,133)**	-
Trade and other receivables		**(2,387,140)**	(1,751,419)
Trade and other payables		**(732,649)**	134,437
Cash generated from operations		**(704,612)**	6,018,750
Interest expense		**910,241**	578,753
Tax paid		**-**	(28,709)
Net cash from operating activities		**205,629**	6,568,794
Cash flows from investing activities			
Payments to acquire property, plant and equipment and intangible assets		**(6,711,262)**	(6,547,519)
Payment for football rights		**(2,193,930)**	(968,413)
Proceeds from disposal of property, plant and equipment rights		**500**	500
Net cash used in investing activities		**(8,904,692)**	(7,515,432)
Cash flows from financing activities			
Repayment of bank and other loans		**-**	(250,000)
Proceeds from borrowings		**-**	2,450,605
Payments of leases liabilities		**(801,245)**	(446,739)
Loan interest paid		**(2,821)**	(215,899)
Net cash (used in)/from financing activities		**(804,066)**	1,537,967
Net movements in cash and cash equivalents		**(9,503,129)**	591,329
Cash and cash equivalents at beginning of period		**8,048,917**	(3,533,026)
Exchange differences on cash and cash equivalents		**-**	-
Cash and cash equivalents at end of period	10	**(1,454,212)**	(2,941,697)

Notes to the Condensed Interim Financial Statements

For the period 1 January 2021 to 30 June 2021

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 connectivity and fixed and mobile telephony services.

The financial statements of the Company as at and for the year ended 31 December 2020 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 6 August 2021.

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 2021 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 2020, 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 2021 and 2020 results as presented in these condensed interim financial statements.

(a) Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2020, 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) Financial position of the Company

The Company incurred a loss of €3,071,869 for the period from 1 January 2021 to 30 June 2021 and its accumulated losses as at 30 June 2021 amounted to €22,282,831. This is the result of the Company's growth development strategy.

As at 30 June 2021, the Company's current liabilities exceeded its current assets by €5,238,765. 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 2020 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.

The Board of Directors considers that the Company has currently the available resources to enable it to continue its activities and there is no material uncertainty over the Company's ability to continue as a going concern.

(c) Impact of COVID-19

As of the date of this half-year 2021 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 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.

3 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 the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized 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 amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at lease 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 amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized 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 amortized. 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 recognized in profit or loss when the asset is derecognized.

Football rights

The Company has the contractual rights, through the signing of contracts, to broadcast all the home football matches of five (5) football clubs in Cyprus. The football rights were effective from 1 July 2019 and currently three (3) of the club agreements have a duration (starting from 1 July 2019) of 59 months and the other two (2) a duration (starting from 1 July 2019) of 35 months.

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. At the same time the same present value of the estimated future contractual payments is recognised as a financial liability at amortised cost. Subsequent to initial measurement, the intangible asset is amortised to profit and loss over the contractual period of 59 and 35 months respectively. 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 the Company 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 is recognised 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 recognised 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.

The amortization expense of the Football rights is included in cost of sales.

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 the right when it has the decision-making rights that are most relevant to charging 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 is 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 Right-of-Use (ROU) assets are included in administration expenses.

The Company as lessee

The Company recognises a ROU asset and a lease liability at the lease commencement date. The ROU 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 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 estimated useful lives of the ROU assets are determined on the same basis as those of property and equipment. In addition, the ROU asset is periodically reduced for 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 of 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 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.

Short-term leases and leases of low-value assets

The Company has elected not to recognise the ROU 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.

4 Segment 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. The Company does not have any particular major customer, as it largely derives revenue from a significant number of customers availing of its services. Accordingly, the Company does not deem necessary any relevant disclosures in respect of reliance on major customers.

5 Prior period errors

The effect was as follows on amounts as at 31 December 2019 / 1 January 2020:

	Note	As originally presented €	Effect of correction €	As restated €
Non-current assets				
Right-of-use assets	P1	3,600,095	246,761	3,846,856
Intangible assets	P2	25,906,181	(171,449)	25,734,732
Equity				
Accumulated losses	P3	16,040,850	174,101	16,214,951
Non-current liabilities				
Lease liabilities	P4	2,776,743	237,275	3,014,018
Current liabilities				
Lease liabilities	P5	815,919	12,138	828,057

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

	Note	As originally presented €	Effect of correction €	As restated €
Non-current assets				
Right-of-use assets	P1	3,460,424	232,246	3,692,670
Intangible assets	P2	20,805,201	(189,351)	20,615,850
Equity				
Accumulated losses	P3	19,016,583	194,380	19,210,963
Non-current liabilities				
Lease liabilities	P4	2,521,060	224,855	2,745,915
Current liabilities				
Lease liabilities	P5	938,660	12,420	951,080

The effect was as follows on amounts in the Statement of comprehensive income for the period ended 30 June 2019:

	Note	As originally presented €	Effect of correction €	As restated €
Depreciation cost*	P6	3,701,105	7,258	3,708,363
Amortization cost*	P7	1,331,509	6,909	1,338,418
Interest on lease liabilities*	P8	2,004	2,824	4,828
Cost of Sales	P9	8,093,197	(1,847)	8,091,350
Profit for the period	P10	1,081,706	(8,235)	1,073,471

* Interest on lease liabilities is included within Net Finance costs in the Condensed statement of comprehensive income, whereas the Depreciation cost is mapped within Cost of Sales, Administrative and other related expenses and Selling and distribution expenses in the Condensed statement of comprehensive income. Amortisation cost presented above is mapped within cost of sales.

The effect was as follows on amounts in the Statement of comprehensive income for the period ended 30 June 2020:

	Note	As originally presented	Effect of correction	As restated
		€	€	€
Depreciation cost*	P6	4,736,089	7,258	4,743,347
Amortization cost*	P7	3,920,058	8,951	3,929,008
Interest on lease liabilities*	P8	46,500	2,687	49,187
Cost of Sales	P9	15,396,995	195	15,397,190
Loss for the period	P10	1,022,293	10,139	1,032,432

* Interest on lease liabilities is included within Net Finance costs in the Condensed statement of comprehensive income, whereas the Depreciation cost is mapped within Cost of Sales, Administrative and other related expenses and Selling and distribution expenses in the Condensed statement of comprehensive income. Amortisation cost presented above is mapped within cost of sales.

Nature of prior period corrections

Note P1
This represents a dark fibre lease from a third-party recognized as ROU asset as this meets the requirements of IFRS 16 "Leases". Previously, the costs associated with this lease were reflected in the profit or loss – Cost of Sales – as incurred. Similarly, a Lease Liability was also recognized as stated in Notes P4 & P5 below. The impact in the statement of comprehensive income within the "Cost of Sales" line item, is stated in Note P9 below. The impact in respect of depreciation of the ROU asset and interest on the lease liabilities is presented in Notes P6 and P8.

Note P2
This adjustment represents an increase in the accumulated amortization charge resulting from the decrease in the useful economic life of certain international capacity circuits to match the duration stated in the IRU agreements.

Note P3
Resulting from the impact in the profit or loss, as well as prior years impact on accumulated losses, as stated in Notes P6-P10 below.

Notes P4 & P5
This is the Lease Liability resulting from the recognition of a ROU asset in respect of the dark fibre lease as stated in Note P1 above. Furthermore, the amount was split to reflect the short-term and the long-term portions of this Lease Liability, after deducting the various payments effected and adding the interest charged.

Note P6
Increase in the depreciation amount resulting from the recognition of the dark fibre leases as ROU asset, as stated in Note P1 above.

Note P7
Increase in the amortization amount of Intangible Assets – International Capacity resulting from the decrease in the useful economic life of certain international capacity circuits, as stated in Note P2 above.

Note P8
Increase in the interest on lease liabilities resulting from the recognition of the dark fibre lease as ROU asset, as stated in Note P1 above.

Note P9
Decrease in the Cost of Sales resulting from the recognition of the dark fibre lease as ROU asset, as stated in Note P1. The costs reflected as incurred in the profit or loss – Cost of Sales – were reversed with the ROU asset recognition, thus reducing the Cost of Sales amount.

Note P10
Impact on the profit or loss for the period resulting from the points stated in Notes P6-P9 above.

6 Property, plant and equipment

(a) Acquisitions and disposals

During the six months ended 30 June 2021, the Company acquired assets, primarily plant and equipment, with a cost of €6.7 million (six months ended 30 June 2020: €6.5 million).

(b) Capital commitments

The following are capital commitments of the Company:

	30 Jun 2021 Unaudited €	31 Dec 2020 Audited €
Contracted for:		
Property, plant and equipment	**3,942,234**	4,374,947
Intangible assets	**13,226,781**	15,564,281
	17,169,015	19,939,228

7 Dividends

	30 Jun 2021 Unaudited €	31 Dec 2020 Audited €
Final dividend paid	**-**	-
Special contribution for defence and General Health System contribution on deemed distribution	**-**	132,322
	-	132,322

The Company has not declared any dividends in the period under review or in the comparable period in 2020.

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. In the event of non-distribution of dividends over a period, the tax is applied on deemed (as if distributed) dividends and the liability of €0.1 million as of 31 December 2020 is related to such deemed distribution.

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.

8 Contingencies

The Company had not recognised any contingent liabilities as at 31 December 2020. The Company had no contingent liabilities as at 30 June 2021 apart as per below:

In June 2021, the Directors were made aware of potential irregularities in relation to Cablenet's participation in certain EU-funded projects. The Directors take such matters extremely seriously and to that effect they have initiated an internal investigation and have appointed external, independent legal advisors to lead the investigation and assist the Company. As of the date of this report, the investigation has not yet reached sufficient conclusions to allow, with any degree of comfort, the quantification of any potential effect on the Company's financial statements. The EU amounts disbursed to Cablenet from 2017 to 2020 total c.€608.000 and the EU may require the return of part or all of the amount disbursed to date and/or impose other monetary liabilities pursuant to the applicable framework regulating these grants.

9 Related party transactions

(a) Parent and ultimate controlling party

The Company is directly controlled by GO plc, incorporated in Malta, which owns 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.
(b) Related party transactions

Consistent with the disclosures in the audited financial statements for the year ended 31 December 2020, 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. Nicolas Shiacolas and a close member of his family.

The principal related party transactions during the six-month period under review comprise:

Payables to related parties

Name	Nature of balance	**30 Jun 2021 Unaudited €**	31 Dec 2020 Audited €
GO plc	Dividends	**2,848,546**	2,848,546
GO plc	Trade	**42,250**	13,000

Nicolas Shiacolas	Finance	**129,969**	129,969
Nicolas Shiacolas	Dividends	**2,046,637**	2,046,637
C.N. Shiacolas (Investments) Ltd (legal entity associated with Nicolas Shiacolas)	Trade	**66,642**	36,742
Menelaos Shiacolas (close family Member-brother of Nicolas Shiacolas)	Finance	**131,464**	131,464
		5,249,258	5,206,358

10 Cash and cash equivalents

Cash balances are analyzed as follows:

	30 Jun 2021 Unaudited €	30 Jun 2020 Unaudited €	31 Dec 2020 Audited €
Cash in hand	**28,477**	37,551	24,276
Cash at bank	**1,111,556**	800,424	8,548,949
Restricted Bank deposits	**9,407,133**	-	5,860,000
	10,547,166	837,975	14,433,225

Restricted bank deposits as at 31 December 2020 of €5,860,000 (30 June 2020: nil) represented the cash collateral of a Good Payment Letter of Guarantee in favour of the Director of the Department of Electronic Communications, relating to 4G radio spectrum frequencies. The expiry date of the Letter of Guarantee was 21 July 2021.

The total restricted bank deposits amount, as at 30 June 2021, was €9,407,133. This amount includes a) the above mentioned €5,860,000 amount, plus b) an amount of €1,972,133 that represents the cash collateral of a Good Payment Letter of Guarantee in favour of the Director of the Department of Electronic Communications, relating to 5G radio spectrum frequencies and with an expiry date of 21 July 2021 and c) an amount of €1,575,000 represents the cash collateral of a Letter of Guarantee in favour of CYTA, expiring on 15 June 2022 and relating to the RAN Sharing agreement signed with CYTA in May 2021.

A renewal process of Guarantees a) and b) mentioned in the prior paragraph, was under way over month-end of June 2021 and the total restricted deposits were subsequently reduced significantly to €4,288,900 in the beginning of July, as a result of better credit terms agreed with the providing bank. Guarantees a) and b) were also renewed with a new expiry date of 21 July 2022 and further reductions in the restricted deposits amount are expected by year end, as well as in the future.

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

	30 Jun 2021	30 Jun 2020	31 Dec 2020
	Unaudited	Unaudited	Audited
	€	€	€
Cash at bank and in hand	**1,140,033**	837,975	8,573,225
Bank overdrafts	**(2,594,245)**	(3,779,672)	(524,308)
	(1,454,212)	(2,941,697)	8,048,917

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.

	30 Jun 2021	30 Jun 2020
	Unaudited	Unaudited
	€	€
Telecommunication services	**25,470,341**	23,123,817
Sale of goods	**169,684**	81,524
	25,640,025	23,205,341

12 Events after the end of the reporting period

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

CABLENET COMMUNICATION SYSTEMS PLC

Condensed Interim Financial Statements

Statement Pursuant to Listing Rule 5.75.3
For the period 1 January 2021 to 30 June 2021

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 2021, 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

6 August 2021

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 2021 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.

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, 6 August 2021