CABLENET COMMUNICATION SYSTEMS PLC

Report and Financial statements

31 December 2023

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Report and Financial statements
Year ended 31 December 2023

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CABLENET COMMUNICATION SYSTEMS PLC

GENERAL INFORMATION

Board of Directors:	Yiannos Michaelides (Resigned on 27 October 2023) Nikhil Prakash Patil (Chairman) Faker Hnid Neoclis Nicolaou Michael Warrington Lassaad Ben Dhiab Kelvin Camenzuli Marios Kalochoritis Menelaos Shiacolas Norbert Prihoda (Appointed on 27 October 2023)
Company Secretary:	Francis Galea Salomone
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Legal Advisers:	Antoniou McCollum & Co. LLC 9 Nikitara Street 1080 Nicosia, Cyprus
Registered office:	41-49 Agiou Nicolaou Street Block A, Nimeli Court 2nd Floor 2408 Egkomi, Nicosia, Cyprus
Bankers:	Bank of Cyprus Public Company Ltd Alpha Bank Cyprus Ltd Hellenic Bank Public Company Ltd Eurobank Cyprus Ltd The Cyprus Development Bank
Registration number:	137520

CABLENET COMMUNICATION SYSTEMS PLC

Chief Executive Officer's review

Looking back at the year behind us, 2023 had no shortage of adversities and it is no surprise, when added to the experiences of the prior three tumultuous years, that terms like being or living in an "age of polycrisis" have gained broad resonance and appeal. The Israel-Gaza conflict and its ramifications remain intense, the Russia-Ukraine conflict has not abated and, lingering inflationary and supply chain pressures have not yet been tamed across the globe, despite considerable monetary and fiscal policy adjustments by all major economies across the world. So while the backdrop to the environment we operate remains as challenging as ever, it makes announcing this particular year's results all the more satisfying given what Cablenet Communication Systems PLC ('Cablenet' or 'the Company') has delivered. I've long stated that Cablenet is unwavering in its pursuit of becoming a solid producer of strong returns for its shareholders and a contributor of exceptional value to its employees and stakeholders. It is hence with a lot of pride that, despite any adversities and headwinds, our 2023 results demonstrate not only a broad and consistent progress towards that goal but one that's also achieved at an accelerating rate.

Achieving scale in our mobile business remained a core focus area and achievement for 2023, continuing to be led by our innovative Purple Max product concept, which is centered on postpaid customers, with unlimited data allowances at prices affordable to the entire market. A concept fully aligned with Cablenet's "value" proposition to consumers. Concurrently with the above, we also made significant inroads in the pre-paid segment, with targeted "value" bundles, such as the Gimme line-up. The Cypriot mobile market remains a significantly bigger market, in terms of revenue and customers, than the fixed one, where Cablenet was traditionally active, with 1.416 million users (OCECPR data, June 2023), of which 68.8% are postpaid and 31.2% prepaid users. Our growing presence in this market section is delivering, as evidenced by the 2023 results, the transformative impact on Cablenet's financial performance that we were expecting and is the reason, beyond the strategic fit, that we will continue pursuing it. The latter course also implies an above average period of investment that will continue in the foreseeable future.

As a result of our continued focus on the growth of the mobile business, Cablenet saw an increase of c.52% (2022: c.102%) of our mobile subscriber base, to c.142,000 (2022: 93,000) postpaid and prepaid subscribers at the end of 2023 and an increase of 54% (2022: 146%) of our 2023 mobile service revenue to €16.8 million vs. 2022 (2022: €10.9 million). Our proposition continues to resonate with customers and it reinforces our commitment in further developing and growing this segment. During 2023 we concluded the migration of our mobile customers to utilizing Cablenet's own 4G frequency spectrum and invested in additional coverage and capacity capabilities and in improved planning and monitoring tools on the mobile network side.

On the fixed services side, we continued the expansion of our network into new areas of Cyprus via a Fiber Optic Network in order to meet demand from both homes and businesses. We have also continued the densification of and plugging small coverage gaps in our HFC network, resulting in an estimated aggregate coverage of c.228,000 Homes Passed vs. c.205,000 at the end of 2022. Approximately 85,000 households (2022: 82,600) and 5,100 businesses (2022: 4,800) by the end of 2023 trusted Cablenet for their broadband and other fixed services. We remain committed to expanding our network coverage areas further in order to be able to cover approximately 80% of the country's households.

Our TV product offering, is experiencing some pressure, albeit small, on account of OTT streaming competition, consumers cutting back on Pay TV discretionary spending and higher costs in the Sports segment. Having taken specific measures during 2023 though, we are confident the segment's performance will improve.

Cablenet's revenue for 2023 reached €74.3 million, a 16.2% growth compared to revenue of €63.9 million in 2022 – one more year with a double-digit growth performance. This revenue growth reflects total subscriber growth of c.29% with gains across all our customer sections (B2C and B2B) and services and products. Given the challenging, highly penetrated and mature market environment of Cyprus, such performance will be even harder to sustain going forward but we're committed to exploit any advantage and capability in our disposal to achieve it.

Our 2023 gross profit increased to €26.7 million in 2023 (2022: €22 million), as a result of the growing maturity, scale and operating leverage in our business segments – a substantial part of our cost base is fixed or growing at a fixed or variable rate that is lower than our revenue growth. Excluding the Depreciation & Amortization (D&A) component included in Cost of Sales, the gross profit was €39.9 million in 2023 (a higher increase to the comparable figure of 2022: €36 million). Our gross profit improvement is continuing the trend of prior years and comes despite inflationary pressures in our cost base. We remain vigilant when it comes to the pricing of our services, our sales mix and optimizing our cost of sales to any extent possible in maintaining and expanding the rate of gross profit growth.

Chief Executive Officer's review

A major milestone of our progress to superior returns was also achieved in 2023, with our operating profit turning positive, to the amount of €1.7 million in 2023 vs. an operating loss of €2.2 million in 2022; the reason a significantly larger improvement was not registered being additional electricity and fuel costs impacting our operating and cost of sales expenses. The continued revenue growth generated and powered by the sizable investments of the past years has now delivered positive inflection points across most of our profit and loss statement – in the gross profit, EBITDA, and now, operating profit metrics, while also delivering a significant reduction in our net losses. Seeing the latter reach inflection and turn to a net profit is the next milestone in our financial performance path.

In 2023, we also made our third interest payment on our €40 million ten-year bond that is listed on the Malta Stock Exchange ('MSE') and we look forward to a similar payment in 2024 and continuing to grow our business for our bondholders' benefit as well.

Cablenet's 2023 capital expenditure amounted to €16.4 million (2022: €15.1 million), the increase being driven by Intangible investments (software systems) and by Property, plant and equipment (computer hardware, customer equipment and network expansions). We continue to see a market opportunity to generate higher growth and returns and our investments will continue to exploit it. We will continue to exercise discretion and prudence in the type, return profile and strategic fit of capital projects we undertake or, should conditions change again, not.

Our long-term strategic objective remains the same – to continue on a growth trajectory path, establishing sizeable market shares in all services which can be delivered on a national basis. We also remain committed to our brand's byline of 'Cablenet For a Better Life'. This promise implies the translation of our commercial and technological innovation into practical and simple means that can improve the lives of our customers. Doing things better, greener and thinking and acting in a socially mindful context, are directions we plan to explore to increase our value-added and contribution to the Cypriot consumers and businesses, beyond the benefits our services bring to their everyday lives. Our market research results remained highly encouraging throughout 2023, establishing Cablenet in the leading position in Customer Satisfaction and NPS (Net Promoter Scores) in both Fixed and Mobile Services.

I would like to close by saying that the ongoing transformation of Cablenet, at a time when the Company is growing at an industry-leading rate, is no easy feat. I am incredibly proud of how Cablenet's people have performed to make this feat a reality in 2023 and for their commitment and hard work. The increase we have seen in employee satisfaction scores in recent years is both rewarding and fulfilling the promise we give to our human capital that, at Cablenet, they can develop, grow and build a solid foundation for their future. I remain thankful to Cablenet's Board for their support and direction and the esteemed shareholders for their trust and capital contributions.

Yiannos Michaelides

Chief Executive Officer
Nicosia, 13 March 2024

CABLENET COMMUNICATION SYSTEMS PLC

MANAGEMENT REPORT

The Board of Directors presents its report and audited financial statements of Cablenet Communication Systems PLC (the Company) for the year ended 31 December 2023.

Incorporation

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. On 15 June 2020 following a special resolution, the Company became public in accordance with the Companies Law, Cap. 113.

On 21 August 2020 the Company was admitted to listing and trading in the Malta Stock Exchange via its €40,000,000 4% Unsecured Bonds 2030 of a nominal value of €1,000 per Bond issued at par.

Principal activities and nature of operations of the Company

The principal activity of the Company is the provision of television, internet and other connectivity services and fixed and mobile telecommunication services. No operations of the Company are carried out through any branch.

During the year there were no changes in the structure of the Company. The Company does not intend to proceed with any acquisitions or mergers.

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

A review of the business of the Company during the year under review, events which took place since the end of the accounting period and an indication of likely future developments are given in the Chief Executive Officer's Review on pages 2 to 3. The net loss for the year attributable to the shareholders of the Company amounted to €2,323,698 (2022: loss of €5,300,619). On 31 December 2023 the total assets of the Company were €120,576,934 (2022: €110,444,902) and the net liabilities of the Company were €355,189 (2022: net assets €1,968,509). The main non-current assets of the Company consist of a) property, plant and equipment of €51,085,199 (increase mainly due to additions in Network - €9.1m, Customer Equipment - €2.6m, and Assets under Construction - €2.4m), b) right-of-use assets of €17,814,008, c) intangible assets of €29,540,659, primarily consisting of international capacity and football broadcasting rights (growing by €11.6m vs. 2022, due to the extension of the broadcasting rights agreements of 2 of the 5 football clubs the exclusive broadcasting rights are held by the Company, until May 2027), d) Trade receivables of €2,287,755 and e) other non-financial assets (prepayments and deposits) of €150,859. Moreover, the main current assets of the Company consist of trade receivables of €7,708,212, other non-financial assets (prepayments and deposits) of €4,542,542 and cash and cash equivalents of €816,033 with current liabilities primarily consisting of trade and other payables of €35,019,510 and the football broadcasting rights liability of €4,386,287. The Company's non-current liabilities primarily consist of a) the €40,000,000 4% unsecured bonds maturing in August 2030, with a balance of €40,037,997, b) a loan obtained from GO plc in June 2022, with a balance of €2,823,253 and c) a second loan obtained from GO plc in 2023, with a balance of €6,071,523, Trade and other payables of €4,077,632 and the football broadcasting rights liability of €10,003,209, all as of 31 December 2023.

Review of financial performance and comparison to 2023 projections as included in the Financial Analysis Summary

The Company's financial results for the year ending 31 December 2023 are set out on page 26. This section compares the results achieved by the Company during the year ending 31 December 2023 ('FY2023') to the previous year ('FY2022') as well as the 2023 projections, as included in the Financial Analysis Summary dated 8 May 2023, ('2023 FAS'). Compared to the latter, the Company overall performed in-line or better than envisaged.

The telecommunications sector in Cyprus remains a market with significant competition between the 4 largest operators. During the year under review, the Company continued to increase the fixed broadband internet client base connected on its network by 3.3%, bringing the total customers base to approximately 86,000 retail subscribers and 5,100 business ones, following the expansion of the Company's network in new areas. Meanwhile, the Company's continued focus in the mobile telecommunications segment yielded one more year of significant growth in the number of mobile subscribers (pre-paid and post-paid), with their total reaching approximately 142,000 (2022: 117,000). Cablenet's total customer base thus grew by 28.7% in 2023 and reached a total of c. 234,000 subscribers (2022: slightly below 181,000). The growth in fixed customers was fueled by the expansion of our network and higher take-up of services, while the continuing popularity of the Purple Max mobile package, supported by the device financing options available to customers, boosted our mobile subscriber base growth.

The number of Cypriot dwellings was revised by the 2021 census significantly upwards and estimated to be 492,555 as of October 2021 (39.5% higher vs. prior 2011 census). Adjusting for the 2021 census preliminary findings and excluding unserved, unoccupied or temporary dwellings, the Company is estimating that the total addressable number of dwellings to be c.390,000. Cablenet is committed to keep investing in its network infrastructure so that its customers enjoy the latest technology and the best possible quality. During the year under review, the Company's FTTH network coverage was extended to cover another 6,000 households and reaching almost 44,000 households. The estimated combined FTTH and HFC coverage of Cablenet was 228,000 households at the end of 2023 (2022: 205,000) or 58.5% (2022: 52.5%) of the census total. Over the coming years, the Company will continue to invest in its FTTH network and aim for a total coverage of up to 80% of the island's households.

With regards to mobile, we have continued working, for most of 2023, on a number of routes towards the utilization of our 5G spectrum frequency holdings. It is expected that the utilization of our 5G spectrum will start by or in 2025.

During 2023, the expiration dates of 2 of the football club broadcasting rights agreements held by the Company, were confirmed to be in May 2027, following the Company's decision not to exercise contractual early termination clauses. As at the date of this report the broadcasting rights agreements with the other 3 football clubs, the exclusive broadcasting rights of which are held by the Company until 31 May 2024, have not been extended further.

Cablenet generated total revenue of €74.3 million in FY2023 (FY2022: €63.9 million), an increase of 16.2% on FY2022 and 1% higher than the comparable figure in the 2023 FAS. This revenue growth reflects subscriber gains across all the Company's sections (B2C and B2B), existing and new areas and services and products, be it of a fixed or mobile distinction or of a telephony, broadband or TV one.

Cost of sales for FY2023 totaled €47.5 million and €34.4 million, once D&A is excluded (FY2022: €41.9 and €27.9 million respectively). The substantial increase in revenue during 2023, even though it materialized across all our business segments, was driven primarily by our mobile business. Hence, the increase in cost of sales is driven by mobile telephony related expenses, resulting from our substantial subscriber growth (usage and traffic termination costs), roaming expenses (higher due to an increase in both customer volumes and travel volumes in the first full year without any COVID-19 restrictions), CYTA RAN sharing charges and higher handset and device costs corresponding to higher device sales. Football/Sports TV and Mobile performed better than expectations. The Sports TV product (excluding other services bought by the same customers) narrowed its gross loss contribution to near break-even for all of FY2023 and the plan is to continue improving on this performance during FY2024. Our Mobile business, improved its gross profit contribution and was the largest contributor to our Gross Profit performance. The plan is to continue improving on this performance during FY2024 as well. The FY2023 Gross Profit (before D&A) was €39.9 million, 10.6% higher than 2022 (€36 million) and 1.2% higher than the comparable figure in the 2023 FAS projections of €39.4 million.

Selling, distribution, administrative and other costs totaled €24.5 million in FY2023 (FY2022: €23.8 million) reflecting a) the elevated investments, in terms of network, people and IT systems, for the further growth of the business, b) higher advertising and marketing expenses and c) increase in ROU - assets depreciation amount resulting mainly from the increase in the ROU - asset relating to motor vehicles. The fact that selling and administrative costs are growing at a significantly slower rate than revenue, is a testament to the operating leverage and economies of scale benefits the business enjoys as it grows.

Cablenet generated an Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) of €21.1 million in FY2023, a robust increase of 21.2% vs. FY2022 (FY2022: €17.5 million) and outperforming the 2023 FAS estimate of €20.3 million by 4.3%.

In its path to capitalize on its substantial investments and deliver superior returns, the Company also reached one more important milestone during 2023 by registering an operating profit of € 1.7 million in FY2023. This marks an important inflection point in the trajectory of Cablenet's profitability, as it compares to a loss of € 2.2 million in FY2022, and a series of years prior to FY2022 with negative operating profitability, owed to heavy investments. Substantial improvements was also registered in the Loss before income tax, which amounted to € 2.2 million in FY2023 (FY2022: loss of € 5.3 million and 52.5% better than FAS 2023: €4.6 million). The significantly improved performance of both metrics vs. FY2022 and the FY2023 FAS guidance is the combined effect of, predominantly positive, variances in a number of Income Statement items that have already been disclosed above and despite the inclusion of, certain adverse FY2023-specific items:

a) Higher finance expenses of €0.8 million than in 2022, that relate to our overdarft facility and the total of €9.5 million loans made available by our parent, GO plc, to support Cablenet's ongoing growth and investment and the interest resulting from discounting long-term payables
b) €0.4 million increase in net impairment losses on financial assets
c) €0.2 million of interest income mainly resulting from discounting of long-term receivables relating to device financing.

In terms of performance vs. FAS forecast, the Company's operating profit for FY2023 was 245.2% better than the 2023 FAS projections (loss of €1.2m), due primarily to higher actual revenue and other revenue achieved as stated above and to costs associated with higher direct costs and lower operating costs and depreciation and amortisation charges.

Review of financial position

The Company had a negative total equity of € 0.4 million as at 31 December 2023 (2022: positive equity € 2.0 million) and 113.9% lower than the 2023 FAS forecast of €2.5 million. The decrease is due to the loss after tax registered in FY2023 amounting to € 2.3 million (2022: € 5.3 million). Based on current trends, further growth in revenue and operating profitability are expected for FY2024 and bar unforeseen adverse developments, it is expected that the Company will have or come close to having a profit before as well as after tax in 2024.

The Company's total asset base stands at €120.6 million as at 31 December 2023 (2022: €110.4 million), representing an increase of €10.2 million over the prior year. The increase is mainly due to significant additions to Property, plant and equipment (Land & Buildings, Network and Customer Equipment) and to Intangible assets (Software and Football Broadcasting Rights after the extension of the relevant agreements until May 2027). In fact, the Football Broadcasting Rights asset has increased by €11.6 million. Recognition of such non-current assets, comes with a corresponding recognition of current and non-current liabilities spanning a number of future fiscal years and does not imply a cash expenditure during 2023. The sizable improvement in Cablenet's gross profitability is a result of past investments making a positive contribution in profitability. While this is not the first year this has occurred, 2023 was the 3rd year in a row with an improvement and at an accelerated pace. 2023 was also the second year, this growth also cascaded into an operating profitability improvement, as well as an inflection into an operating profit from a loss in 2022, and both improvements were achieved over and above the concurrent continuing investment the Company is undertaking in order to reach a scale of sustainable profitability. With investments supporting a growth in expected returns, the Company plans for 2024 to see further improvement in gross and operating profitability and that growth cascading further down to improvements in the net profitability and equity levels. Total assets are 1.9% (or €2.3 million) higher than those envisaged in the 2023 FAS, along with a similar increase (4.5%) in total liabilities. The variance from 2023 FAS is almost entirely due to the non-representation in FAS of mirror receivables and payables FY2023 entries related to our football content sharing agreement with CYTA and Primetel. See notes 22 and 31 for additional information.

Cablenet retains a good liquidity position and has access to an undrawn portion of €2.3 million overdraft facility provided by the Bank of Cyprus as at 31 December 2023 (€0.6 million as at 31 December 2022). Majority shareholder, GO plc, also demonstrated its commitment to continue supporting the Company's profitable growth and investment by providing a further €6 million loan in 2023 as well as a letter of support to the Company's directors.

Bond

On 21 August 2020 the Company was admitted to listing and trading in the Malta Stock Exchange via its €40,000,000 4% Unsecured Bonds 2030 of a nominal value of €1,000 per Bond issued at par. The redemption date is 21 August 2030. The Company effected the third annual payment of interest of €1.6 million to the Bond holders in August 2023.

Financial key performance indicators

	2023	2022 (restated)
Gross Margin (excluding D&A)		
Gross profit (excluding D&A) to Revenue	39,852,734 / 74,271,643 = 53.66%	36,022,756/ 63,900,018 = 56.37%
Net Margin		
Profit / (loss) before tax to Revenue	(2,164,194) / 74,271,643 = (2.91)%	(5,312,768)/ 63,900,018 = (8.31)%
Return on capital		
Profit / (loss) before tax to capital	(2,164,194) / 5,479,955 = (39.49)%	(5,312,768)/ 7,269,128 = (73.09)%
Return on equity		
Profit / (loss) before tax to Equity	(2,164,194) / 1,968,509 = (109.94)%	(5,312,768)/ 7,269,128 = (73.09)%

Gross Margin

The Gross Margin (excluding D&A) has decreased by around 2.7 percentage points vs. 2022, as a result of the Company's changing revenue mix. As described previously, during FY2023 the Company's revenue growth was driven by all business segments but predominantly by the mobile services and devices business line. During FY2023, mobile services and devices contributed €9.8 million of the €10.4 million revenue increase vs. FY2022.This business, while exhibiting increasing profitability as it reaches bigger scale, has contribution margins below those of our other businesses and the devices component even lower than the services one, so the addition of revenue from these business lines is accretive to Gross Profit but dilutive to the Company's Gross Margin.

Net Margin

The Net Margin has improved compared to FY2022 due to the decrease in the Loss before tax numerator and the increase in the Revenue denominator, however, the ratio is still negative. The combination of factors driving the performance has been outlined in prior sections, so it is opportune to highlight that performance would have been better on this metric, had we not had to contend with the impact of the Russia - Ukraine and Israel - Gaza conflicts on electricity and fuel prices, as well as the wider secondary inflationary impact they generated. The metric is expected to show further improvement in FY2024 along the Company's improving profitability and is expected to be positive or close to that level.

Return on Capital

The percentage of Return on Capital has decreased compared to 2022, as a result of the FY2023 losses which have been significantly reduced compared to FY2022. Capital, as per Note 6.5 of the Financial Statements, is comprised of shareholders equity and shareholder's loan. This metric is expected to show improvement in FY2024. Again, it is expected to be positive.

Return on Equity

There was an increase in 2023 compared to 2022, due to reasons noted above. This metric is expected to show improvement and be positive in FY2024.

Principal risks and uncertainties

The principal risks and uncertainties faced by the Company are disclosed in notes 6 and 7 of the financial statements.

Interest rate risk

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

Credit risk

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

Credit risk related to trade receivables: This is managed based on established policies, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal policies. Credit quality of the customer is assessed and outstanding customer receivables are regularly monitored. The Company does not hold collateral as security. Half of the Company's revenue is invoiced on a pre-paid basis and thus due before and by the first half of the invoiced month, which minimizes the Company's out-of-pocket risk.

Liquidity risk

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

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar. The Company's Board of Directors monitors the exchange rate fluctuations on a continuous basis and acts accordingly. An 1% increase in the US Dollar to Euros exchange rate is not expected to impact materially the Company's results.

Future developments of the Company

The Board of Directors does not expect any significant changes or developments in the operations, financial position and performance of the Company in the foreseeable future, other than as already noted in this Management Report.

Impact of COVID-19 on the financial results and projections

The Company does not foresee any adverse effects from COVID-19 pandemic which could significantly affect its financial results and forward-looking statements in a negative way. Thus, there was no need for any COVID-19-related provisions or impairment charges.

Impact of Ukrainian crisis on the financial results and projections

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' side, the Company has no reliance of size to providers from those countries.

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 during 2024 and the foreseeable future.

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

Impact of Israel - Gaza conflict on the financial results and projections

Regarding the Israel - Gaza conflict, this has escalated significantly after Hamas launched a major attack on 7 October 2023. Entities that do not have direct exposure to Israel and Gaza strip, like the Company, are only likely to be affected by the overall economic uncertainty and negative impacts on the global economy and major financial markets arising from the war. This is a volatile period and situation, however, as stated above, the Company is not directly exposed. 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.

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

Section 169F Cyprus Companies Law Cap. 113

As per Section 169F provisions, where the net assets of a public company are equal to 50% or less of its issued share capital the directors must call an extraordinary meeting of the shareholders of the Company ("EGM") to consider whether the company should be wound up or whether any other steps should be taken to deal with the situation. The Board of Directors convened such an EGM, which took place on 25 April 2023. The EGM took note of the Company's future expected performance, considered the available options to improve the net assets and agreed that the Company will keep evaluating its options over the next few months, without taking an immediate action.

Environmental Issues

The Company is very sensitive in issues concerning climate change and during 2023, as part of a wider GO group implementation, active steps and work have been undertaken towards compliance with the requirements of the Corporate Sustainability Reporting Directive. The effort is expected to continue throughout 2024 with first incorporation of the relevant disclosures starting in FY2025. Digitization is one way in which the Company can reduce its carbon footprint and, at the same time, to contribute towards the protection of the environment and the Company has taken and will take further actions to that respect.

Furthermore, the Company is ensuring that its fleet of cars is modern and that all vehicles are at least meeting the low emission standards. Our future plans also include exploring converting part of our vehicle fleet to hybrid or all-electric motors. In addition, the Company has a very strong recycling program which is implemented in all company's premises, recycling paper, plastic and electronic waste. Proper disposal facilities are available within the Company's main offices as well as in all other Company's premises.

The ongoing COVID-19 crisis, led to the need for many of the Company's employees to work remotely since March 2020. The Company is still partly implementing this scheme (8 days per month) and possibly will maintain it in the future. This will clearly reduce the Company's carbon footprint and electricity consumption.

The Company also invests in a number of initiatives that deliver social and environmental benefits, such as tree planting events in Nicosia, Limassol and Larnaca organized by the Company. In the future, more similar events and other initiatives are planned which will improve and enhance the quality of life of the local communities and, at the same time, to contribute towards the protection of the environment and reduce the impacts of climate change.

Anti-corruption and bribery matters

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

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

Related party transactions

The Company's related party transactions are set out in Note 33 of the financial statements.

On 12 April 2023, the Company signed an agreement with GO plc to obtain a loan of up to €6 million. On 20 April 2023 the first disbursement of €2.5 million has been effected. On 13 June 2023 the second disbursement of €2 million has been effected. The third disbursement of €1 million has been effected on 9 July 2023. The fourth and final disbursement of €0.5 million has been effected on 9 August 2023. The loan bears interest at the rate of 6% per annum. The Company is obliged to pay only the interest portion on the loan on a quarterly basis with the first interest payment effected on 20 July 2023. The loan's maturity date being three (3) years after the date of the First Disbursement, i.e. on 20 April 2026.

Prior period error

On 24 May 2023, the Company's Board of Directors unanimously approved the award/allotment of 1.34% of the issued share capital of the Company to the Company's CEO, Mr. Yiannos Michaelides. This term was included in Mr. Michaelides' employment contract which was signed in May 2020 and was effective from 15 June 2020. According to the contract, Mr. Michaelides would be eligible for up to the award/allotment of 1.5% of the issued share capital of the Company should certain targets for the year ended 31 December 2022 be achieved. As a result, it is expected that in 2024, 45,058 shares of €1.71 each will be awarded/allotted to Mr. Michaelides for free. At the date of this report it has not yet been decided whether Mr. Michaelides will be awarded or allotted the shares as well as the exact implementation date. Furthermore, the contract provides an option to Mr. Michaelides to exit the plan if he chooses to, by selling the shares awarded/allotted to him back to the Company. This transaction was not reflected in the Company's financial statements for the years ended 31 December 2020, 2021 and 2022 and has been identified as an error for purposes of the 31 December 2023 financial statements. As such, the 31 December 2022 financial statements have been restated to reflect the impact of this transaction. Please refer to Notes 4 and 7 for more detailed explanation of the facts and the accounting implications.

Results and Dividends

The Company's results for the year are set out on page 26. The net loss for the year is carried forward.

The Board of Directors does not recommend the payment of a dividend.

Share capital

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

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

There were no changes in the share capital of the Company during the year and thus, the holdings remained as follows:

GO plc – 70.22%

Nicolas Shiacolas – 29.78%

GO Ventures Ltd, Mr. Ayrton Caruana, Mr. Reuben Attard, Mr. Kelvin Camenzuli and Mr. Yiannos Michaelides each hold 1 share with nominal value of €1.71.

Events after the reporting period

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements, apart from what is already disclosed in Note 38 of the financial statements.

Board of Directors

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

Nikhil Prakash Patil (Chairman)
Lassaad Ben Dhiab
Faker Hnid
Michael Warrington
Neoclis Nicolaou
Yiannos Michaelides (Resigned on 27 October 2023)
Norbert Prihoda (Appointed on 27 October 2023)
Menelaos Shiacolas
Marios Kalochoritis
Kelvin Camenzuli

In accordance with the Company's Articles of Association, all Directors that are presently members of the Board continue in office. There were no significant changes in the assignment of responsibilities of the Board of Directors, apart from the change in the Chairman role.

The Board, after the resigation of Mr. Yiannos Michaelides, is composed of only non-executive Directors. The determination of remuneration arrangements for Board members is a matter reserved for the Board as a whole. The total amount paid in 2023 was €531,145 (2022: €598,897) (Note 33.1). This amount does not include the share-based payment explained in Note 33.4.

Disclosure of information to the auditor

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

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

Going concern statement pursuant to Listing Rule 5.62

The Directors, as required by the Capital Markets Rule 5.62, have considered the Company's operating performance, the statement of financial position at year end, as well as the business plan for the coming year, and they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Furthermore, a letter of support has been obtained from GO plc, the Company's majority shareholder. For these reasons, in preparing the financial statements, they continue to adopt the going concern basis. For more information, please refer to Note 4 of the financial statements.

Independent auditors

The Independent auditors, PricewaterhouseCoopers Limited, have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,

Nikhil Prakash Patil
Chairman of the Board

Michael Warrington
Director

Nicosia, 13 March 2024

CABLENET COMMUNICATION SYSTEMS PLC

STATEMENT OF THE MEMBERS OF THE BOARD OF DIRECTORS RESPONSIBILITIES

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

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

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

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

The financial statements of Cablenet Communication Systems PLC for the year ended 31 December 2023 are included in the Report and financial statements 31 December 2023, which is available on the Company's website. The Directors are responsible for the maintenance and integrity of the Report and financial statements 31 December 2023 on the website in view of their responsibility for the controls over, and the security of, the website. Access to information published on the Company's website is available in other countries and jurisdictions, where legislation governing the preparation and dissemination of financial statements may differ from requirements or practice in Cyprus.

By order of the Board of Directors,

Nikhil Prakash Patil
Chairman of the Board

Michael Warrington
Director

Nicosia, 13 March 2024

CABLENET COMMUNICATION SYSTEMS PLC

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

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

By order of the Board of Directors

Nikhil Prakash Patil	Michael Warrington
Chairman of the Board	Director

Nicosia, 13 March 2024

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

Introduction

The Capital Markets Rules issued by the Malta Financial Services Authority, require listed companies to observe The Code of Principles of Good Corporate Governance (the 'Code' which can be obtained from Malta Financial Services Authority site following the link: https://www.mfsa.mt/wp-content/uploads/2019/02/Code-of-Principles-of-Good-Corporate-Governance-for-Listed-Entities1.pdf). The adoption of the Code is not obligatory for Cablenet, as a debt securities-only issuer and is granted a waiver.

However, Malta listed Companies are required to include in their Annual Report, a Directors' Statement of compliance which deals with the extent to which the Company has adopted the Code of Principles of Good Corporate Governance and the effective measures that the Company has taken to ensure compliance with the Code, accompanied by a report of the auditors thereon. The Company, on a voluntary basis, complies with some of the Code's principles as stated below.

Compliance

The Board of Directors (the 'Board') of Cablenet Communication Systems PLC ('the Company') believes in the adoption of the Code except where the size and/or particular circumstances of the Company are deemed by the Board not to warrant the implementation of specific recommendations. In this context it is relevant to note that the majority shareholder of the Company is GO plc, which is a company listed on the Malta Stock Exchange which has a strong corporate governance in place.

Principles 1 and 4: The Board

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

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

Complement of the Board

The Board is composed of nine Directors, all of which, after the resignation of Mr. Yiannos Michaelides, are non-executive Directors, as listed below. The Board of Directors is currently chaired by Nikhil Prakash Patil and the Company Secretary (Dr. Francis Galea Salomone) attends all meetings as well.

Executive Director
Yiannos Michaelides (Resigned on 27 October 2023)

Non-executive Directors
Nikhil Prakash Patil (Chairman)
Faker Hnid
Menelaos Shiacolas
Lassaad Ben Dhiab
Kelvin Camenzuli
Norbert Prihoda (Appointed on 27 October 2023)

Independent, Non-executive Directors
Michael Warrington
Neoclis Nicolaou
Marios Kalochoritis

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

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

Internal controls

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

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

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

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

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

Principle 2: Chairman and Chief Executive Officer

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

Principles 3, 5, 6, 7 and 8: Composition of the Board and Committees

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

The Directors are obliged to keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with that of the Company. The Board member concerned shall not take part in the assessment by the Board as to whether a conflict of interest exists. A Director shall not vote in respect of any contract, arrangement, transaction or proposal in which he has a material interest. Under the present circumstances the evaluation of the board's performance is undertaken at shareholder level.

The Board formally met eight (8) times during the period under review. The number of board meetings attended by directors for the period ended 31 December 2023 is as follows:

	Meetings
Yiannos Michaelides	7
Nikhil Prakash Patil	8
Lassaad Ben Dhiab	7
Faker Hnid	7
Michael Warrington	6
Neoclis Nicolaou	7
Menelaos Shiacolas	7
Marios Kalochoritis	7
Kelvin Camenzuli	8
Norbert Prihoda	1

Application of Diversity Policy in relation to the Board of Directors

The Company does not have in place a formal diversity policy which is applied in relation to the Board of Directors with regard to aspects such as age, gender or educational and professional backgrounds. This is principally attributable to the fact that the Company is controlled by GO plc and accordingly policies such as this which govern the composition of the Board necessarily have to take into account the circumstances, direction and strategy of the controlling party. Notwithstanding the absence of a diversity policy, the Company endeavours to have in place a Board composed of members who possess a diverse range of skills, characteristics and qualities. The objective of the Company is that the Board composition contributes to different views and opinions, enhancing the level and quality of challenge together with oversight exercised at Board level.

Committees

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

The Board also appoints ad hoc committees during the year to focus on particular issues for the proper conduct of the business.

Audit Committee

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

The Members of the Audit Committee

Michael Warrington acts as Chairman and Faker Hnid and Neoclis Nicolaou act as members. The company secretary, Dr. Francis Galea Salomone acts as secretary to the committee.

During the year under review, the committee met five (5) times between 10 January 2023 and 20 November 2023. The number of Audit Committee meetings attended by the members for the year ended 31 December 2023 is as follows:

	Meetings
Michael Warrington	5
Faker Hnid	5
Neoclis Nicolaou	5

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

Remuneration Statement

The directors received €531,145 (2022: €598,897) in aggregate for services rendered during the year 31 December 2023. Going forward, it is the shareholders of the Company in a General Meeting who shall determine the maximum annual aggregate remuneration of the directors. This amount does not include the CEO's share-based payment remuneration which is explained in Note 33.4.

Yiannos Michaelides is employed by the Company and has a service contract with the Company. All the other directors do not have a service contract with the Company.

Principle 9: Relations with bondholders and the market

Following the issuance and listing of a €40 million ten-year bond on the Malta Stock Exchange in August 2020, the Company publishes interim and annual financial statements, as well as current year forecasts via the publication of a FAS and, when required, company announcements. The Company also participates, alongside other member companies of the GO plc group, in up to 2 online conferences per year, held with institutional bond holders and providing an opportunity for them to query the performance of the Company. The Board feels these provide the market with adequate information about its activities.

Principle 10: Institutional shareholders

This principle is not applicable since the Company has no institutional shareholders.

Principle 11: Conflicts of interest

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

Principle 12: Corporate social responsibility

The Board is aware of the importance of the continuing commitment to behave ethically and contribute to the economic development of society at large. This commitment is also recognised within the Company, with various initiatives actively taken up periodically aimed at developing the Company's human capital, health and safety issues and adopting environmentally responsible practices.

The Board considers that the Company has been in compliance with the Principles throughout the year.

Signed on behalf of the Board of Directors on 13 March 2024 by:

Michael Warrington
Chairman of the Audit Committee

Nikhil Prakash Patil
Chairman of the Board

Independent Auditor's Report

To the Members of Cablenet Communication Systems PLC

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying financial statements of Cablenet Communication Systems PLC (the "Company") give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

What we have audited

We have audited the financial statements which are presented in pages 26 to 82 and comprise:

- the statement of financial position as at 31 December 2023;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include material accounting policy information.

The financial reporting framework that has been applied in the preparation of the financial statements is International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company throughout the period of our appointment in accordance with the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our audit approach

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

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

Key Audit Matter	How our audit addressed the Key Audit Matter
Recognition of the Company's revenue due to complex billing systems and large number of transactions – corporate and retail customers Management records revenue in accordance with the provisions of IFRS 15 'Revenues from Contracts with Customers'. The recognition of revenue is an inherent industry risk. This is because telecom billing systems are considered to be complex and process large volumes of data with a combination of different services and products sold during the year. The Company has multiple bundled products sold at multiple rates. Products represent a combination of service-based products, such as fixed line telephony, TV services and internet for which different performance obligations might exist. Due to the large number of transactions and complexity of the billing systems in respect of the retail and corporate subscription revenue, these revenue streams were considered to be areas that we spent significant time and effort during our audit. Refer to Notes 4 and 8 to the Financial Statements.	In respect of the retail and corporate subscription revenue streams, we performed the following procedures: - We understood and evaluated the design and implementation of the relevant systems and controls, evaluated accounting policies and their relevance to the requirements of IFRS 15 and considered whether any critical judgements or assumptions impacted the revenue recognition, in line with the requirements of IFRS 15, 'Revenue from contracts with customers'. None were identified. - We tested the flow of information from the customer relationship management system to the billing and financial reporting system. - We tested the transaction flow between deferred revenue, revenue, accounts receivable and cash and bank balances. - As part of the risk of management override of controls and risk of fraud in revenue recognition, we tested for any journal entries that related to unusual or unexpected entries impacting revenue and performed a test to identify fictitious customers. No fictitious customers were identified. - We substantively tested the billing report for completeness and accuracy. - We performed tests of details by tracing a sample of revenue transactions to the relevant invoices at a high level of evidence. - We tested the pricing of various products for retail customers based on the Company's bundled offers.

	- We obtained comfort over the accounts receivable balances as at the year end by utilising a combination of techniques (including confirmation procedures / matching of billing transactions to debtors/cash and bank balances). - We performed cut-off testing on a sample basis to ensure recognition of revenue in the correct accounting period. - We assessed the adequacy of disclosures to the financial statements in relation to this matter. The results of our testing procedures above were satisfactory for the purposes of our audit.
IFRS 2 'Share-based Payments' prior period error During the year ended 31 December 2023, the Company's management identified a prior period error in relation to the accounting treatment of the allotment of shares in the form of bonus to the Company's Chief Executive Officer ('CEO'). The bonus was included in the contract of employment of the CEO which was effective on 15 June 2020. Even though the Board of Directors approved the allotment of 1,34% of the share capital of the Company to the CEO during the year ended 31 December 2023, the Company's management identified that the contract of employment with the CEO was based on service and performance conditions that had to be met as at 31 December 2022 which meant that prior periods' results should have reflected the impact of the share-based payment plan. To that effect, management identified the appropriate accounting treatment for all periods presented and calculated the impact of the error based on the provisions of IFRS 2 'Share-based payments'. Given the material impact of the share-based payment plan on the Company's financial position and performance, the material effect of restatement in comparative information and the complexity involved in correcting the prior year error we consider this matter to be a Key Audit Matter. Please refer to Notes 4 and 7 to the financial statements.	We performed the following audit procedures: - We obtained and reviewed the contract of employment of the CEO and assessed whether its terms are appropriately reflected in the Company's financial statements. We also obtained an understanding of the procedure applied by management in determining the impact of the error and its correction in the financial statements. - We evaluated the reasonableness of the assumptions used by management in identifying the impact of this item to all periods presented. - We tested the mathematical accuracy of the calculations used by management. - We assessed the technical analysis performed by management and the relevant conclusions reached in relation to the restatement of the financial information of prior years. We also assessed the adequacy of disclosures to the financial statements in relation to this matter. - As a result of the prior year error, we revisited our initial risk assessment and evaluated the impact on our overall audit approach. The results of our testing procedures above were satisfactory for the purposes of our audit.

Reporting on other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Chief Executive Officer's review, Management Report, Statement of the members of the Board of Directors responsibilities, Statement by Directors on the Financial Statements and Other Information included in the report and the Statement by the Directors on compliance with the Code of Principles of Good Corporate Governance, but does not include the financial statements and our auditor's report thereon.

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

Appointment of the Auditor and Period of Engagement

We were first appointed as auditors of the Company on 28 April 2021 by the Board of Directors for the audit of the financial statements for the year ended 31 December 2021. Our appointment has been renewed annually by shareholder resolution representing a total period of uninterrupted engagement appointment of 3 years.

Consistency of the Additional Report to the Audit Committee

We confirm that our audit opinion on the financial statements expressed in this report is consistent with the additional report to the Audit Committee of the Company, which we issued on 8 March 2024 in accordance with Article 11 of the EU Regulation 537/2014.

Provision of Non-audit Services

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

European Single Electronic Format

We have examined the digital files of the European Single Electronic Format (ESEF) of Cablenet Communication Systems PLC for the year ended 31 December 2023 comprising an XHTML file which includes the annual financial statements for the year then ended (the "digital files").

The Board of Directors of Cablenet Communication Systems PLC is responsible for preparing and submitting the financial statements for the year ended 31 December 2023 in accordance with the requirements set out in the EU Delegated Regulation 2019/815 of 17 December 2018 of the European Commission (the "ESEF Regulation").

Our responsibility is to examine the digital files prepared by the Board of Directors of Cablenet Communication Systems PLC. According to the Audit Guidelines issued by the Institute of Certified Public Accountants of Cyprus (the "Audit Guidelines"), we are required to plan and perform our audit procedures in order to examine whether the content of the financial statements included in the digital files correspond to the financial statements we have audited, and whether the digital files have been prepared in all material respects, in accordance with the requirements of the ESEF Regulation.

In our opinion, the digital files examined correspond to the financial statements, and the financial statements included in the digital files, are presented, in all material respects, in accordance with the requirements of the ESEF Regulation.

Other Legal Requirements

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

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

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

Other Matter

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

The engagement partner on the audit resulting in this independent auditor's report is Nicos A. Theodoulou.

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

PwC Central, 43 Demostheni Severi Avenue
CY-1080 Nicosia, Cyprus

13 March 2024

CABLENET COMMUNICATION SYSTEMS PLC

STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2023

	Note	2023 €	2022 (restated) €
Revenue	8	74,271,643	63,900,018
Cost of sales	9	(47,527,285)	(41,936,442)
Gross profit		**26,744,358**	**21,963,576**
Other operating income	10	227,573	78,231
Selling and distribution expenses	11	(5,426,220)	(4,871,909)
Administration expenses	12	(19,101,255)	(18,973,370)
Net impairment losses on financial assets	6	(641,378)	(268,457)
Share-based compensation expenses	4,33.4	(93,649)	(78,243)
Loss in respect of the EU-funded projects	14	-	(57,750)
Operating profit/(loss)		**1,709,429**	**(2,207,922)**
Analysed as follows:			
EBITDA		**21,140,774**	**17,447,510**
Depreciation and amortisation		**(19,431,345)**	**(19,655,432)**
Operating profit/(loss)		**1,709,429**	**(2,207,922)**
Finance income	15	9,050	14,564
Finance costs	15	(3,882,673)	(3,119,410)
Loss before income tax		**(2,164,194)**	**(5,312,768)**
Income tax (expense)/credit	16	(159,504)	12,149
Loss for the year		**(2,323,698)**	**(5,300,619)**
Other comprehensive income		-	-
Total comprehensive (loss)/income for the year		**(2,323,698)**	**(5,300,619)**

The notes on pages 30 to 82 form an integral part of these financial statements.

CABLENET COMMUNICATION SYSTEMS PLC

STATEMENT OF FINANCIAL POSITION
31 December 2023

	Note	31/12/2023 €	31/12/2022 (restated) €	01/01/2022 (restated) €
ASSETS				
Non-current assets				
Property, plant and equipment	17	51,085,199	46,262,130	45,325,095
Right-of-use assets	18	17,814,008	19,721,188	4,259,576
Intangible assets	19	29,540,659	22,944,810	24,344,434
Financial assets at amortised cost	23	177,699	207,190	350,487
Restricted cash	24	683,450	683,450	-
Trade receivables	21	2,287,755	1,535,282	-
Other non-financial assets	22	150,859	2,517,797	1,352,889
Deferred tax assets	30	3,905,132	2,649,852	713,830
		105,644,761	**96,521,699**	**76,346,311**
Current assets				
Inventories	20	504,061	770,456	294,556
Trade receivables	21	7,708,212	5,149,170	2,743,358
Other non-financial assets	22	4,542,542	5,024,319	4,322,255
Restricted cash	24	1,361,325	2,366,875	3,927,407
Cash and cash equivalents (excluding bank overdrafts)	25	816,033	612,383	708,961
		14,932,173	**13,923,203**	**11,996,537**
Total assets		**120,576,934**	**110,444,902**	**88,342,848**
EQUITY AND LIABILITIES				
Equity				
Share capital	26	5,749,995	5,749,995	5,749,995
Other reserves	27	26,393,078	26,393,078	26,393,078
Accumulated losses		(32,498,262)	(30,174,564)	(24,873,945)
Total equity		**(355,189)**	**1,968,509**	**7,269,128**
Non-current liabilities				
Borrowings	28	48,932,773	41,875,652	38,315,796
Lease liabilities	29	9,477,595	11,317,460	3,148,118
Trade and other payables	31	4,077,632	11,040,715	8,939,563
Football rights liability	32	10,003,209	2,362,361	8,019,831
Deferred tax liabilities	30	3,338,648	1,923,866	-
		75,829,857	**68,520,054**	**58,423,308**
Current liabilities				
Trade and other payables	31	35,019,510	25,942,653	14,669,257
Borrowings	28	2,949,102	5,543,641	2,120,685
Lease liabilities	29	2,747,367	2,872,902	1,099,962
Football rights liability	32	4,386,287	5,597,143	4,760,508
		45,102,266	**39,956,339**	**22,650,412**
Total liabilities		**120,932,123**	**108,476,393**	**81,073,720**
Total equity and liabilities		**120,576,934**	**110,444,902**	**88,342,848**

These financial statements were approved by the board of directors, authorised for issue on 13 March 2024 and signed on its behalf by:

....
Nikhil Prakash Patil
Chairman of the Board

....
Michael Warrington
Director

The notes on pages 30 to 82 form an integral part of these financial statements.

CABLENET COMMUNICATION SYSTEMS PLC

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2023

	Note	Share capital (Note 26) €	Other reserves (Note 27) €	Accumulated losses €	Total €
Balance at 1 January 2022 as previously reported		5,749,995	26,393,078	(23,781,574)	8,361,499
Correction of prior period error	4	-	-	(1,092,371)	(1,092,371)
Balance at 1 January 2022 as restated		5,749,995	26,393,078	(24,873,945)	7,269,128
Comprehensive income					
Loss for the year as previously reported		-	-	(5,222,376)	(5,222,376)
Correction of prior period error	4	-	-	(78,243)	-
Total comprehensive income for the year as restated		-	-	(5,300,619)	(5,300,619)
Balance at 31 December 2022/ 1 January 2023 as restated		5,749,995	26,393,078	(30,174,564)	1,968,509
Comprehensive income					
Net loss for the year		-	-	(2,323,698)	(2,323,698)
Total comprehensive income for the year		-	-	(2,323,698)	(2,323,698)
Balance at 31 December 2023		5,749,995	26,393,078	(32,498,262)	(355,189)

(1) Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, by the end of the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defence at the rate of 17% will be payable on such deemed dividend to the extent that the shareholders for deemed dividend distribution purposes at the end of the period of two years from the end of the year of assessment to which the profits refer, are Cyprus tax residents and domiciled. From 1 March 2019, the deemed dividend distribution is subject to a 1,70% contribution to the National Health System, increased to 2,65% from 1 March 2020, with the exception of April 2020 until June 2020 when the 1,70% rate was applicable. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year by the end of the period of two years from the end of the year of assessment to which the profits refer. This special contribution for defence is paid by the Company for the account of the shareholders.

The notes on pages 30 to 82 form an integral part of these financial statements.

CABLENET COMMUNICATION SYSTEMS PLC

STATEMENT OF CASH FLOWS
Year ended 31 December 2023

	Note	2023 €	2022 (restated) €
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		(2,164,194)	(5,312,768)
Adjustments for:			
Depreciation of property, plant and equipment	17	9,364,347	10,106,039
Amortisation of intangible assets	19	7,183,531	7,333,446
Depreciation of right-of-use assets	18	2,900,449	2,234,390
(Profit)/loss from the sale of property, plant and equipment	17	(1,387)	301
Impairment charge - trade receivables		641,378	268,457
Foreign exchange gain	15	(9,050)	(14,564)
Interest expense	15	3,882,673	3,119,410
Share-based compensation expenses		93,649	78,243
Loss in respect of the EU-funded projects		-	57,750
		21,891,396	**17,870,704**
Changes in working capital:			
Decrease/(increase) in inventories	20	266,395	(475,900)
Increase in trade receivables	21	(3,949,929)	(3,941,094)
(Increase)/decrease in other non-financial assets	22	(1,203,223)	(4,746,064)
Decrease in financial assets at amortised cost	23	29,491	143,297
Increase in trade and other payables		2,917,591	11,755,435
Cash generated from operations		**19,951,721**	**20,606,378**
Net cash generated from operating activities		**19,951,721**	**20,606,378**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of intangible assets		(1,938,377)	(2,053,369)
Payment for purchase of property, plant and equipment		(13,950,665)	(11,275,560)
Payment for football rights	32	(5,757,000)	(4,836,407)
Proceeds from disposal of property, plant and equipment		2,318	798
Net cash used in investing activities		**(21,643,724)**	**(18,164,538)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of leases liabilities	25	(2,949,736)	(7,165,235)
Proceeds from borrowings	25	6,000,000	3,500,000
Interest paid		(2,856,176)	(2,559,327)
Decrease in restricted bank deposits	24	1,005,550	877,082
Decrease/(increase) in other non-financial assets	22	2,366,938	(602,448)
Net cash generated from/(used in) financing activities		**3,566,576**	**(5,949,928)**
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		**1,874,573**	**(3,508,088)**
Cash, cash equivalents and bank overdrafts at beginning of the year		(3,319,812)	188,276
Cash, cash equivalents and bank overdrafts at end of the year	25	**(1,445,239)**	**(3,319,812)**

The notes on pages 30 to 82 form an integral part of these financial statements.

1. Incorporation and principal activities

Country of incorporation

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

Principal activities

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

Operating Environment of the Company

The year 2023 was marked mainly by the continuous effects of the Russia - Ukraine and the Israel - Gaza conflicts.

Similar to what was stated in Management Report in the 2022 Audited Financial Statements, as of the date of this 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, the World Health Organization (WHO) ended its declaration of COVID-19 being a public health emergency of international concern (PHEIC) on 5 May 2023, although continued to refer it as a pandemic. The WHO in Europe launched a transition plan to manage the public health response to COVID-19 in the coming years and prepare for possible future emergencies. Following the above, the Company does not foresee any adverse effects from the pandemic which could significantly affect its financial results and forward-looking statements in a negative way. Thus, there was no need for any COVID-19-related provisions or impairment charges.

Regarding the Russia - Ukraine conflict, the fact that, after almost two years from the commencement of the crisis, the military actions are still ongoing, is creating certain problems to all businesses in Cyprus and globally, mainly due to the significant increase in the fuels and natural gas costs. The more pronounced effects that the Ukrainian crisis had on the Company, 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, however, that if the situation does not deteriorate further, there will be no material impact on the Company's activities and on its financial results.

Regarding the Israel - Gaza conflict, this has escalated significantly after Hamas launched a major attack on 7 October 2023. Entities that do not have direct exposure to Israel and Gaza strip, like the Company, are only likely to be affected by the overall economic uncertainty and negative impacts on the global economy and major financial markets arising from the war. This is a volatile period and situation, however, as stated above, the Company is not directly exposed. 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.

Management is closely monitoring the situation with regards Russia - Ukraine and Israel - Gaza conflicts and is ready to act depending on the developments.

In general, the Company’s management believes that it is taking all the necessary measures to maintain the viability of the Company and the development of its business in the current economic environment.

The Company's management has assessed:

- The impact on the expected credit losses of the Company's financial instruments that are subject to impairment under IFRS 9. Refer to Note 6 for more information on impairment of financial assets.

The future effects of the COVID-19 pandemic and of the Ukrainian as well as of the Middle East crises on the Cyprus economy, and consequently on the future financial performance, cash flows and financial position of the Company, are difficult to predict and management's current expectations and estimates could differ from actual results. The Company's management believes that it is taking all the necessary measures to maintain the viability of the Company and the development of its business in the current economic environment. Please refer to Note 4, section Going concern for management's going concern assessment.

2. Basis of preparation

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

As of the date of the authorization of the financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 January 2023 and are relevant to the Company's operations have been adopted by the EU through the endorsement procedure established by the European Commission.

The principal accounting policies applied in the preparation of these financial statements are set out below in note 4. These policies have been consistently applied to all the years presented, unless otherwise stated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 7.

Going concern basis

The Company incurred a loss of €2,323,698 (2022: loss of €5,300,619) for the year ended 31 December 2023. Additionally, the Company's accumulated losses as at 31 December 2023 amounted to €32,498,262 (2022: accumulated losses of €30,174,564). This is the result of the Company's growth development strategy. For instance, during 2023, €9,092,885 was invested in the expansion of and additions to Cablenet's fixed network (Note 17) 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 31 December 2023, the Company's current liabilities exceeded its current assets by €30,170,093 (2022: net current liabilities position of €26,033,136).

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 31 December 2023 was €4,530,000 and an amount of €2,268,728 (2022: €597,801) was available (Note 28). As at 31 December 2023, the Company's cash equivalents before taking into account overdrafts amounting to €2,261,272 (2022: €3,932,195) were €816,033 (2022: €612,383).

- The Company's cash equivalents exclude restricted deposits of €2,044,775 (2022: €3,050,325). These deposits act as collateral for issued short-term and 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 €333,812 and is due for July 2024.

- The majority of the Company's borrowings is non-current and due in 2030 with a low servicing cost.

- The Company's ongoing improvement in Gross Profit and Operating Profit for FY2022 and FY2023; the latter also turned positive in FY2023.

- Included in current liabilities are the amounts of Contract liabilities of €5,766,657 (2022: €9,703,940) 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 two loans of €3.5 million and €6 million to the Company in June 2022 and in April, June, July and August 2023 respectively, as well as in numerous occasions in the past (Note 28).

Cash flows

For the year ended 31 December 2023, the cash and cash equivalents improved by €1,874,573. As at 31 December 2023, the Company's cash, cash equivalents and overdrafts as per the Statement of cash flows amounted to negative €1,445,239 (2022: negative €3,319,812).

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.

- As mentioned above, the Company has restricted cash deposits of €2,044,775 million which were sourced from the bond issuance proceeds (€ 40m) and which we are working with our bank to release for future usage.

- The total revenue of the Company is expected to continue increasing at rates comparable to those of the prior year (2023: increase by €10.4m). 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 the sales of mobile devices and accessories 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 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 9% as of December 31, 2023 (compared to 8.1% as of June 30, 2023 and 6.6% as of December 31, 2022; OCECPR data). Given the size of this market, the continued expansion of our presence in mobile telecommunication services can significantly improve our financial performance.

- The Company has prepared its cash flow forecasts using assumptions based on historical information and reasonable projections to meet its cash flow needs for the foreseeable future. Assumptions used are consistent with the Company's strategy and budgets approved by the Board of Directors. 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 year ended 31 December 2023 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 31 December 2023, there are Contract liabilities of €5,766,657 (2022: €9,703,940) for which no cash outflow is expected.

- The Company's cash and cash equivalents, as at 31 December 2023, amounted to negative €1,445,239 (2022: negative €3,319,812) and comprised of €816,033 cash in hand and at bank (2022: €612,383) and negative €2,261,272 of bank overdrafts (2022: €3,932,195). As of 31 December 2023 there were also restricted cash deposits of €2,044,775 part of which, amounting to €333,812, will be released back into unrestricted cash in July 2024.

- As explained in the Management Report, the Russia - Ukraine and the Middle East conflicts are not expected to have an 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, the Company's majority shareholder. In a scenario where the Company is experiencing liquidity issues, the majority shareholder will provide adequate financial support to enable the Company to cover any deficiency in equity and any liability 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 year ended 31 December 2023 are approved by the Board of Directors. Additionally, the majority shareholder 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.

3. Adoption of new or revised standards and interpretations

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2023. This adoption did not have a material effect on the accounting policies of the Company.

4. Summary of material accounting policies

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

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.

Revenue

Recognition and measurement

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

4. Summary of material accounting policies (continued)

Revenue (continued)

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

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

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

Multiple-element arrangements involving the delivery or provision of multiple products or services must be separated into distinct performance obligations, each with its own separate revenue contribution that is recognised as revenue on fulfillment of the obligation to the customer. This especially concerns the sale of a mobile handset or other telecommunications equipment combined with the conclusion of a mobile or fixed-network telecommunications contract. The total transaction price of the bundled contract is allocated among the individual performance obligations based on their relative – possibly estimated – stand-alone selling prices, i.e., based on a ratio of the standalone selling price of each separate element to the aggregated stand-alone selling prices of the contractual performance obligations. As a result, the revenue to be recognised for products (often delivered in advance) such as mobile handsets that are sold at a subsidised or nil price in combination with a long-term service contract is higher than the amount billed or collected. This leads to the recognition of a contract asset – a receivable arising from the customer contract that has not yet legally come into existence – in the statement of financial position. The contract asset is reversed and reduced over the remaining minimum contract period, lowering revenue from the other performance obligations (in this case mobile service revenues) compared with the amounts billed. In contrast to the amounts billed, this results in higher revenue from the sale of goods and lower revenue from the provision of services. Customer activation fees and other advance one-time payments by the customer that do not constitute consideration for a separate performance obligation are classified as contract liabilities and are deferred and recognised as revenue over the minimum contract term or, in exceptional cases (e.g., in the case of contracts that can be terminated at any time) over the expected contract period. The same applies to fees for installation and set-up activities that do not have an independent value for the customer. In respect of the revenue of the Company recognised for 2023 and 2022, there have been no products with significant value sold at a subsidised or nil price and as such the revenue recognition did not involve the complexities as per above.

If the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the entity with a significant benefit of financing the transfer of goods or services to the customer, the entity will need to adjust the promised amount of consideration for the effects of the time value of money when determining the transaction price. In determining whether a contract contains a financing component, and whether that financing component is significant to the contract, the Company considers all relevant facts and circumstances, including both of the following:

- The difference, if any, between the amount of promised consideration and the cash selling price of the promised goods or services, and
- The combined effect of the expected length of time between when the entity transfers the promised goods or services to the customer and when the customer pays for those goods or services, and the prevailing interest rates in the relevant market.

4. Summary of material accounting policies (continued)

Revenue (continued)

Identification of performance obligations

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

- **Sale of products**

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

- **Rendering of services**

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

- **Contract assets**

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

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

Employee benefits

The Company and its employees contribute to the Government Social Insurance Fund based on employees' salaries. The Company's contributions are expensed as incurred and are included in staff costs. The Company has no legal or constructive obligations to pay further contributions if the scheme does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

4. Summary of material accounting policies (continued)

Foreign currency translation

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

(2) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are recognised in profit or loss, as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as fair value through other comprehensive income, are included in other comprehensive income.

Current and deferred income tax

Income tax expense represents the sum of the tax currently payable and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, at the balance sheet date in the country in which the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. If applicable tax regulation is subject to interpretation, it establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss. In accounting for the tax effects of on-balance sheet leases, the Company views the right-of-use asset and lease liability separately and considers that the temporary difference on each item does not give rise to deferred tax since the initial recognition exception applies.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the Company where there is an intention to settle the balances on a net basis.

4. Summary of material accounting policies (continued)

Uncertain tax positions

The Company's uncertain tax positions are reassessed by management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period, and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognised based on management's best estimate of the expenditure required to settle the obligations at the end of the reporting period. Adjustments for uncertain income tax positions, other than interest and fines, are recorded within the income tax charge. Adjustments for uncertain income tax positions in respect of interest and fines are recorded within finance costs and other gains/(losses), net, respectively.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the year in which the dividends are appropriately authorised and are no longer at the discretion of the Company. More specifically, interim dividends are recognised as a liability in the period in which these are authorised by the Board of Directors and in the case of final dividends, these are recognised in the period in which these are approved by the Company's shareholders.

Property, plant and equipment

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

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

Depreciation is calculated using the straight-line method so as to write off the cost of each asset to its residual value over its estimated useful life. The annual depreciation rates used are as follows (see also Note 7 for changes):

	%
Buildings	3
Leasehold buildings and improvements	3-10
Network	4-33.33
Motor vehicles	10-20
Furniture, fixtures, equipment and computer hardware	10-33.33
Tools	33.33

No depreciation is provided on land.

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

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

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

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

4. Summary of material accounting policies (continued)

Property, plant and equipment (continued)

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

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

European Projects

Grants are recognised when there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received. Government grants relating to costs are deferred and recognised in profit or loss for the year as "other income" over the period necessary to match them with the costs that they are intended to compensate. Details about the final outcome of Cablenet's participation in these projects, which was terminated in 2021, are stated in Note 14.

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.

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.

The annual amortisation rates used are as follows:

	%
Football rights	33.33-100
International capacity	4-20
Computer software	20-33.33
IP addresses	6.67

4. Summary of material accounting policies (continued)

Intangible assets (continued)

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).

In February 2023, it was communicated by the Company to 2 of the 5 football clubs, the exclusive broadcasting rights of which are held, that their broadcasting rights agreements will now expire in May 2027, following the Company's decision not to exercise the early termination clause which was valid until 28 February 2023. As at the date of this report the broadcasting rights agreements with the other 3 football clubs, the exclusive broadcasting rights of which are held by the Company until 31 May 2024, have not been extended further.

In August 2022, the Company signed an agreement with the Greek Football Club Olympiacos Piraeus (Olympiacos F.C.), acquiring the football broadcasting rights of the said Football Club for the period from September 2022 to May 2023. The said agreement was not renewed beyond May 2023.

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.

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

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

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

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.

4. Summary of material accounting policies (continued)

Leases (continued)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The depreciation expenses of ROU assets are included in administration expenses. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. Right-of-use 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 right-of-use 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 right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

In determining the lease term, 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.

Right-of-use assets and associated lease liabilities are presented as separate lines on the face of the balance sheet.

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.

Spectrum licences

Spectrum licences are treated as right-of-use assets taking into account prevailing market accounting practice and guidance in this respect in the context of the interpretation of IFRS 16 principles.

4. Summary of material accounting policies (continued)

Impairment of non-financial assets

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

Financial assets - Classification

The classification depends on the Company’s business model for managing the financial assets and the contractual cash flow characteristics of the assets. Management determines the classification of financial assets at initial recognition.

The Company classifies its financial assets at amortised cost. Financial assets at amortised cost are held for collection of contractual cash flows and their cash flows represent solely payments of principal and interest (SPPI). They are included in current assets, except for maturities greater than twelve months after the balance sheet date. These are classified as non-current assets. The Company’s financial assets measured at amortised cost (AC) comprise: cash and cash equivalents, restricted cash, trade receivables and financial assets at amortised cost.

Financial assets - Recognition and derecognition

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

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in “other gains/(losses)” together with foreign exchange gains and losses.

Financial assets - Measurement

At initial recognition, the Company measures financial assets classified at amortised cost at their fair value plus incremental transaction costs that are directly attributable to the acquisition of the financial assets. Subsequently, these are measured at amortised cost.

Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Financial assets - impairment - credit loss allowance for ECL

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

4. Summary of material accounting policies (continued)

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

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within "net impairment losses on financial and contract assets". Subsequent recoveries of amounts for which loss allowance was previously recognised are credited against the same line item.

Debt instruments measured at AC are presented in the statement of financial position net of the allowance for ECL.

The impairment methodology applied by the Company for calculating expected credit losses depends on the type of financial asset assessed for impairment. Refer to note 6.2, Credit risk section for a description of impairment methodology applied by the Company for calculating expected credit losses for debt instruments measured at AC.

Financial assets - Reclassification

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

Financial assets - write-off

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

Financial assets - modification

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

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

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

4. Summary of material accounting policies (continued)

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. In the statement of financial position, bank overdrafts are included in borrowings in current liabilities. Cash and cash equivalents are carried at amortised cost (AC) because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Financial assets at amortised cost

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

Trade receivables

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

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

Trade receivables are also subject to the impairment requirements of IFRS 9. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. See note 6.2, Credit risk section.

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

Interest income

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in the income statement as “Other income”. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit – impaired financial assets – Stage 3 the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Financial guarantee contracts

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

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

4. Summary of material accounting policies (continued)

Financial guarantee contracts (continued)

At the end of each reporting period, the guarantee is subsequently at the higher of:
- the amount of the loss allowance determined in accordance with the expected credit loss model under IFRS 9 Financial Instruments and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15 Revenue from Contracts with Customers.

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

Financial liabilities - measurement categories

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

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings, using the effective interest method, unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset.

Borrowings are classified as current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment (for liquidity services) and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires). The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as "other income" or "finance costs".

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds, including interest on borrowings, amortisation of discounts or premium relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, finance lease charges and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset, when it is probable that they will result in future economic benefits to the Company and the costs can be measured reliably.

4. Summary of material accounting policies (continued)

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Inventories

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

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Share premium is the difference between the fair value of the consideration receivable for the issue of shares and the nominal value of the shares. Share premium account can only be resorted to for limited purposes, which do not include the distribution of dividends, and is otherwise subject to the provisions of the Cyprus Companies Law on reduction of share capital.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Restructuring provisions comprise lease termination penalties and employee termination payments and are recognised in the period in which the Company becomes legally or constructively committed to payment. Costs related to the ongoing activities of the Company are not provided in advance.

Prepayments

Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Company has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Company.

4. Summary of material accounting policies (continued)

Comparative information

Comparatives presented in the financial statements are restated, where considered necessary, to conform with changes in the presentation of the current year. Details of the prior year adjustments are disclosed below.

Share-based payments

When employees of the Company participate in share based compensation plans the Company assesses whether such transactions are either equity-settled, cash-settled or compound instruments. The Company operates a share based compensation plan under which the Company receives services from its CEO as consideration for equity instruments (shares) of the Company with the obligation to take them back upon exercise of the CEO's option. The share based compensation plan has been classified as a cash-settled plan in the Company's financial statements. The fair value of the employee services received in exchange for the grant of the shares is recognised as an expense over the vesting period in the Statement of comprehensive income based on the contractual terms at the grant date. The service and non-market vesting conditions are included in the estimate of the number of awards expected to vest and the fair value of the cash-settled share based payment liability is re-measured at each reporting date and at the date of settlement. Any changes in fair value are recognised in profit or loss for the period. The expense is charged to the appropriate Statement of comprehensive income heading within the operating results.

Prior period error

Share-based compensation expenses

The comparative financial information has been restated as per the provisions of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" due to the fact that they did not include the effect of the share based payment plan operated by the Company, as explained in detail below.

On 24 May 2023, the Company's Board of Directors unanimously approved the award/allotment of 1.34% of the issued share capital of the Company to the Company's CEO, Mr. Yiannos Michaelides. This term was included in Mr. Michaelides' employment contract which was signed in May 2020 and was effective from 15 June 2020. According to the contract, Mr. Michaelides would be eligible for up to the award/allotment of 1.5% of the issued share capital of the Company should certain targets for the year ended 31 December 2022 be achieved. As a result, it is expected that in 2024, 45,058 shares of €1.71 each will be awarded/allotted to Mr. Michaelides for free. At the date of this report it has not yet been decided whether Mr. Michaelides will be awarded or allotted the shares as well as the exact implementation date. Furthermore, the contract provides an option to Mr. Michaelides to exit the plan if he chooses to, by selling the shares awarded/allotted to him back to the Company for a specific period in December 2024. This transaction was not reflected in the Company's financial statements for the years ended 31 December 2020, 2021 and 2022 and has been identified as an error for purposes of the 31 December 2023 financial statements. As such, the 31 December 2022 financial statements have been restated to reflect the impact of this transaction.

The Company has reviewed the relevant IFRS requirements and has concluded that the transaction falls under the scope of IFRS 2 - 'Share-based payments'. Furthermore and in view of the terms under which Mr. Michaelides can opt to sell the entirety of the shares back to the Company, the transaction has been classified as a cash-settled transaction. The price at which Mr. Michaelides can sell the shares back to the Company is based on a predetermined formula as depicted in the contract and which uses information from the audited financial statements of the year ended 31 December 2022. Management notes that the calculations below take into account the following:

a) Management's expectation as at 1 January 2022 was for Mr. Michaelides to meet all targets and receive the full award.

b) The factual results of the targets as at 31 December 2022 warranted for Mr. Michaelides to obtain 1.34% of the issued share capital of the Company.

c) The Board of Directors approved the 1.34% to be awarded/alloted to Mr. Michaelides during the year 31 December 2023.

4. Summary of material accounting policies (continued)

Prior period error (continued)

For the critical accounting estimates and judgements made by the Company in relation to this transaction, please refer to Note 7.

The effect on the statement of financial position was as follows as at 31 December 2021 / 1 January 2022:

	Note	As originally presented €	Effect of correction €	As restated €
Equity				
Accumulated losses	P1	23,781,574	1,092,371	24,873,945
Non-current liabilities				
Trade and other payables	P2	7,847,192	1,092,371	8,939,563

The effect on the statement of financial position was as follows as at 31 December 2022 / 1 January 2023:

	Note	As originally presented €	Effect of correction €	As restated €
Equity				
Accumulated losses	P1	29,003,950	1,170,614	30,174,564
Non-current liabilities				
Trade and other payables	P2	9,870,101	1,170,614	11,040,715

The effect was as follows on amounts in the Statement of comprehensive income for the year ended 31 December 2022:

	Note	As originally presented €	Effect of correction €	As restated €
Share-based compensation expenses	P3	-	78,243	78,243
Loss for the year	P4	5,222,376	78,243	5,300,619

The prior period error has no impact on reported Statements of Cash Flows.

Nature of prior period corrections

Note P1
Resulting from the impact on the profit or loss, as well as prior years impact on accumulated losses, as stated in Notes P3 and P4 below.

Note P2
This adjustment represents an increase in the Trade and other payables (Social insurance and other taxes and Accruals) resulting from the recognition of the potential liability of the share-based compensation.

Note P3
This adjustment represents an increase in the Company's other operating expenses, shown in a separate line in the Income Statement - 'Share-based compensation expenses', resulting from the recognition of the share-based compensation.

4. Summary of material accounting policies (continued)

Prior period error (continued)

Note P4
Impact on the profit or loss for the year resulting from the point stated in Note P3 above.

5. New accounting pronouncements

Standards issued but not yet effective

At the date of approval of these financial statements a number of new standards, interpretations and amendments to existing standards are effective for annual periods beginning after 1 January 2023 and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company.

6. Financial risk management

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

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

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

	2023	**2022 (restated)**
	€	**€**
Fixed rate instruments		
Financial liabilities (Note 28)	49,620,603	43,487,098
Variable rate instruments		
Financial liabilities (Note 28)	2,261,272	3,932,195
	51,881,875	**47,419,293**

Sensitivity analysis

The variable rate financial liabilities relate to the bank overdraft of the Company as presented in Note 28. The fixed rate financial liabilities represent the loans from shareholders (€9,582,606) and the bond (€40,037,997).

An increase of 100 basis points in interest rates at 31 December 2023 would have decreased equity and increased loss for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. For a decrease of 100 basis points there would be an equal and opposite impact on the profit and other equity.

6. Financial risk management (continued)

	Profit or loss	
	2023	**2022 (restated)**
	€	**€**
Variable rate instruments	30,967	22,264
Fixed rate instruments	465,539	417,015
	496,506	**439,279**

6.2 Credit risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and regions.

(i) Impairment of financial assets

The Company has the following types of financial assets that are subject to the expected credit loss model:

- trade receivables
- financial assets at amortised cost
- cash and cash equivalents
- restricted cash

The impairment methodology applied by the Company for calculating expected credit losses depends on the type of financial asset assessed for impairment. Specifically:

- For trade receivables the Company applies the simplified approach permitted by IFRS 9, which requires lifetime expected losses to be recognised from initial recognition of the financial assets.
- For all other financial assets that are subject to impairment under IFRS 9, the Company applies general approach – three stage model for impairment. The Company applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

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

Significant increase in credit risk. The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's/counterparty's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower/counterparty
- significant increases in credit risk on other financial instruments of the same borrower/counterparty
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements

6. Financial risk management (continued)

6.2 Credit risk (continued)

(i) Impairment of financial assets (continued)

- significant changes in the expected performance and behaviour of the borrower/counterparty, including changes in the payment status of counterparty in the group and changes in the operating results of the borrower/counterparty.

Macroeconomic information is incorporated as part of the internal rating model. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. No significant changes to estimation techniques or assumptions were made during the reporting period. The Company has identified the unemployment rate of the countries in which it sells its goods and services to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments after 90 days of when they fall due.

The Company's exposure to credit risk for each class of asset subject to the expected credit loss model is set out below:

Trade receivables

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

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

The expected loss rates are based on the payment profiles of sales over a period of 12 months before 31 December 2023 or 31 December 2022 respectively and the corresponding historical credit losses experienced within this period.

6. Financial risk management (continued)

6.2 Credit risk (continued)

(i) Impairment of financial assets (continued)

On that basis, the loss allowance as at 31 December 2023 and 31 December 2022 was determined as follows for trade receivables:

31 December 2023	**Type**	**Current** €	**More than 30 days past due** €	**More than 60 days past due** €	**More than 90 days past due** €	**Total** €
Expected loss rate	Retail	2.1%	12.9%	61.3%	61.3%	
	Business	3.4%	8.5%	21.3%	40.3%	
Gross carrying amount - trade receivables	Retail	802,795	-	-	-	802,795
	Business	796,948	217,052	102,924	710,655	1,827,579
Loss allowance	Retail	16,916	-	-	-	16,916
	Business	26,753	42,253	29,588	310,136	408,730
Total Loss allowance		**43,669**	**42,253**	**29,588**	**310,136**	**425,646**

31 December 2022	**Type**	**Current** €	**More than 30 days past due** €	**More than 60 days past due** €	**More than 90 days past due** €	**Total** €
Expected loss rate	Retail	1.4%	11.6%	37.0%	37.0%	
	Business	3.9%	12.6%	21.9%	48.0%	
Gross carrying amount - trade receivables	Retail	1,206,713	12,167	-	-	1,218,880
	Business	645,425	253,466	132,773	577,673	1,609,337
Loss allowance	Retail	16,285	1,412	-	-	17,697
	Business	25,259	38,451	31,961	279,587	375,258
Total Loss allowance		**41,544**	**39,863**	**31,961**	**279,587**	**392,955**

The closing loss allowances for financial assets as at 31 December 2023 reconcile to the opening loss allowances as follows:

	Trade receivables €
Opening loss allowance as at 1 January 2023	392,955
Increase in loss allowance recognised in the statement of comprehensive income	32,691
Balance at 31 December 2023	**425,646**

The company does not hold any collateral as security for its trade receivables.

For presentation purposes the expected loss rates for 2023 and 2022 shown above have been rounded to one decimal point.

6. Financial risk management (continued)

6.2 Credit risk (continued)

(i) Impairment of financial assets (continued)

In respect of the Company's terminated customers within the trade receivables population, these are assessed on an individual basis. This assessment is based on the credit history of the customers with the Company, the period the trade receivable is past due and other indicators in order to conclude whether the customer falls within the "terminated category". On that basis, the specific loss allowance as at 31 December 2023 and 31 December 2022 was determined as €2,212,557 and €1,606,834 respectively based on an 100% ECL (Note 21). An increase in 25 basis points in the weighted average expected credit loss default rate for both retail and business customers in each respective ageing category would not have a material impact in the closing loss allowance as at 31 December 2023.

The difference between the gross trade debtors considered for the generic and the specific provision relate mainly to the receivables from the sale of mobile devices with instalments over a 24/36-month period. Management, using the general model, concluded that the expected credit loss from this arrangement is highly immaterial.

Based on an increase in the general provision by €32,691, the increase in the specific provision by €605,723 and other bad debts written-off of €2,964, the "Net impairment losses on financial assets" as per the Statement of Comprehensive Income is €641,378.

Cash and cash equivalents

The Company assesses, on a group basis, its exposure to credit risk arising from cash at bank. This assessment takes into account, ratings from external credit rating institutions and internal ratings, if external are not available.

Bank deposits held with banks with investment grade rating are considered as low credit risk.

The gross carrying amounts below represent the Company's maximum exposure to credit risk on these assets as at 31 December 2023 and 31 December 2022:

Company internal credit rating	External credit rating	2023 €	2022 (restated) €
Performing	Unrated	491,795	311,409
Performing	Baa3 (2023)/Ba2 (2022)	2,270,152	3,266,069
Total cash at bank & restricted cash		**2,761,947**	**3,577,478**

All cash and bank and restricted cash balances were performing (Stage 1) as at 31 December 2023 and 31 December 2022. No expected credit loss has been recognised.

The rest of the balance sheet item 'cash and cash equivalents' amounting to €98,861 (2022: €85,230) is cash in hand.

Financial assets at amortised cost

The Company is also exposed to credit risk in relation to financial assets at amortised cost. The maximum exposure at the end of the reporting period is the carrying amount of these assets €177,699 (2022: €207,190). The basis for recognition of expected credit loss provision for these financial assets at amortised cost is Stage 1. The specific provision for bad debts is €246,965 as at 31 December 2023 (31 December 2022: €246,965). There was no increase or decrease in specific provision during the year.

The Company does not hold any collateral as security for its financial assets at amortised cost.

6. Financial risk management (continued)

6.2 Credit risk (continued)

(ii) Credit related commitments

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

6.3 Liquidity risk

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

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

31 December 2023	Carrying amounts	Contractual cash flows	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
	€	€	€	€	€	€	€
Lease liabilities	12,224,962	13,297,362	352,136	2,684,829	2,611,778	4,507,945	3,140,674
Bond	40,037,997	50,855,153	-	1,600,000	1,600,000	4,800,000	42,855,153
Bank overdrafts	2,261,272	2,261,272	2,261,272	-	-	-	-
Trade and other payables	30,857,084	30,857,084	26,779,452	-	4,077,632	-	-
Loans from shareholders	9,582,606	10,697,491	125,000	1,058,925	1,621,590	7,891,976	-
Football broadcasting rights liability	14,389,496	14,986,000	1,602,000	3,260,667	4,200,000	5,923,333	-
	109,353,417	**122,954,362**	**31,119,860**	**8,604,421**	**14,111,000**	**23,123,254**	**45,995,827**

31 December 2022 (restated)	Carrying amounts	Contractual cash flows	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
	€	€	€	€	€	€	€
Lease liabilities	14,190,362	15,483,904	347,699	2,860,311	2,765,661	5,448,135	4,062,098
Bond	39,975,652	52,800,000	-	1,600,000	1,600,000	4,800,000	44,800,000
Bank overdrafts	3,932,195	3,932,195	3,932,195	-	-	-	-
Trade and other payables	24,891,520	24,891,520	13,850,805	-	11,040,715	-	-
Loans from shareholders	3,511,446	3,937,648	34,577	105,650	722,245	3,075,176	-
Football broadcasting rights liability	7,959,504	7,993,500	1,637,000	4,146,500	2,210,000	-	-
	94,460,679	**109,038,767**	**19,802,276**	**8,712,461**	**18,338,621**	**13,323,311**	**48,862,098**

6. Financial risk management (continued)

6.4 Currency risk
Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar. The Company's Board of Directors monitors the exchange rate fluctuations on a continuous basis and acts accordingly. An 1% increase in the US Dollar to Euros exchange rate is not expected to impact materially the Company's results.

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

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

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

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

The Company's capital is analysed as follows:

	2023	**2022 (restated)**
	€	**€**
Total borrowings (Note 28)	51,881,875	47,419,293
Less: Cash and cash equivalents (Note 25)	(816,033)	(612,383)
Net debt	51,065,842	46,806,910
Total equity	(355,189)	1,968,509
Subordinated debt	9,582,606	3,511,446
Total capital	**9,227,417**	**5,479,955**
Gearing ratio	**84.70%**	**89.52%**

The decrease in the gearing ratio during the year ended 31 December 2023 resulted mainly from the new loan of €6m obtained from GO plc in 2023. The gearing ratio, however, is still high as a result of the Company accelerating its operating and capital investments, funded mainly by GO plc loan stated above and to a lesser extend by its Malta Stock Exchange bond issue and the part utilization of the granted overdraft limit. This acceleration is expected to further enhance the Company's future growth but for the fiscal year 2023 also had the effect of increasing the net debt and decreasing (via the €2.3m net loss) the shareholders' equity of the Company. The Company's continuing growth is expected to reduce losses and return to profitability in the coming years.

7. Critical accounting estimates, judgments and assumptions

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

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

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

Change in Depreciation and Amortization policy:

In 2023, the management reviewed and amended, where necessary, the depreciation/amortization rates of certain assets' classes to reflect the correct useful economic lives of these assets. To reach to the revised rates, the Company's management examined the industry norms by reviewing the published financial statements of other telecommunication operators in Cyprus and abroad, including those of the Company's parent company, GO plc.

Following the above, the Company's management has revised the amortization rate of the IP addresses from 33.33% (amortization over a period of 3 years) to 6.67% (amortization over a period of 15 years). These assets do not have a defined useful economic life and currently, one could argue that they could be used indefinitely. However, the Company's management, being prudent, estimated that a useful economic life of 15 years would be realistic. Subsequently, the amortization rate for all assets which have not been fully amortized as at 31 December 2022, has been changed to 6.67%, thus extending their useful economic life to 15 years. The aforementioned change in the accounting estimate has an effect for the whole year 2023 amounting to approximately €123,000. In fact, there is a reduction of the total 2023 amortization amount by approximately €123,000. The effect in future periods is not disclosed since it is impracticable to estimate that effect, due to the fact that the actual amount of future investment in IP addresses cannot be accurately predicted.

Furthermore, the Company's management has revised the depreciation rate of the infrastructure-related assets from 10% (depreciation over a period of 10 years) to 4% (depreciation over a period of 25 years). The infrastructure assets relate to construction work and materials resulting in assets such as concrete underground ducts and access manholes, which realistically have a significantly higher useful economic life than 10 years. As a result, some telecommunication operators depreciate such assets over a period of 30 years (or more). Again, the Company's management, being prudent, estimated that a useful economic life of 25 years would be realistic. Subsequently, the depreciation rate for all assets which have not been fully depreciated as at 31 December 2022, has been changed to 4%, thus extending their useful economic life to 25 years. The aforementioned change in the accounting estimate has an effect for the whole year 2023 amounting to approximately €525,000. In fact, there is a reduction of the total 2023 depreciation amount by approximately €525,000. The effect in future periods is not disclosed since it is impracticable to estimate that effect, due to the fact that the actual amount of future investment in infrastructure-related assets cannot be accurately predicted.

The Company's management has also revised the depreciation rates of the tubes and pipes and those Technical Department salaries that are directly related to infrastructure-related assets from 10% (depreciation over a period of 10 years) also to 4% (depreciation over a period of 25 years). Again, the tubes and pipes that are placed inside the ducts have a higher useful economic life than 10 years. The Company's estimate is that the useful economic life of the tubes and pipes and thus, of the salaries associated with their installation, would realistically be 25 years. Subsequently, the depreciation rate for all assets which have not been fully depreciated as at 31 December 2022, has been changed to 4%, thus extending their useful economic life to 25 years. The aforementioned change in the accounting estimate has an effect for the whole year 2023 amounting to approximately €102,000. In fact, there is a reduction of the total 2023 depreciation amount by approximately €102,000. The effect in future periods is not disclosed since it is impracticable to estimate that effect, due to the fact that the actual amount of future investment in tubes, pipes and the associated salaries cannot be accurately predicted.

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

In 2023, the management has reviewed and amended the policy followed in the past years regarding capitalization of employees' salaries. In fact, up until 2022, the Company was only capitalizing part of the Technical Department's salaries for employees involved in the deployment of its network. From January 2023, the Company is also capitalizing part of the Fixed & Mobile, TV Systems, IP & Transport, Management Information Systems, Software Development and Quality & Training Departments' salaries in order to comply with its parent company's - GO plc - policy, already capitalizing such salaries. The Company is now capitalizing part of the salaries for a number of the above stated Departments' employees, involved in the development and testing of assets reflected under PPE - Network and Intangible assets - Software. In fact, the salaries of the Fixed & Mobile, TV Systems and IP & Transport Departments are capitalized under PPE - Network with a depreciation rate of 10% (depreciation over a period of 10 years), similar to most of the assets capitalized under Network and in line with the depreciation rate of the Technical Department's salaries which, as stated above, are capitalized for many years. The salaries of the Management Information Systems, Software Development and Quality & Training Departments are capitalized under Intangible assets - Software with an amortization rate of 20% (amortization over a period of 5 years), similar to all assets capitalized under Software. The aforementioned change in the accounting estimate has an effect for the whole year 2023 amounting to approximately €258,000 relating to the salaries capitalized under Network and €317,000 relating to salaries capitalized under Software. In fact, there is a total beneficial impact on the Statement of Comprehensive Income in 2023 of approximately €575,000, since salaries of approximately €628,000 are capitalized and only their depreciation/amortization amounts of approximately €53,000 are reflected in the Statement of Comprehensive Income. The effect in future periods is not disclosed since it is impracticable to estimate that effect, due to the fact that the actual number of the assets and of the employees involved in these assets' development and testing and, thus, of the associated salaries cannot be accurately predicted.

Critical judgements in applying the Company's accounting policies

The following critical judgments have been made by management in applying the Company's policies:

Football rights and contingent payments:

The payment terms of the football broadcasting rights arrangements include contingent payments on future events. There is no IFRS that applies specifically to this transaction. There is diversity in practice in accounting for contingent consideration to acquire an asset and there are three possible approaches (the financial liability model, the cost accumulation model and the IFRIC 1 approach). Management has exercised judgment and is applying the financial liability model, as per which an intangible asset is initially recognised including the fair value of the future contingent payments at acquisition, and a financial liability is recognised at the same fair value. Subsequently, the financial liability is measured at amortised cost, following the requirements of IFRS 9. The entity should adjust the carrying amount of the financial liability to reflect actual and updated estimated cash flows whenever the cash flow estimates are revised. The entity 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.

Determination of the lease term:

For leases of warehouses, retail stores and vehicles, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options in warehouses and retail stores leases have not been included in the lease liability, because the Company could replace the assets without significant cost or business disruption.

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

As at 31 December 2023, potential future cash outflows of €1,907,024 (2022: €1,879,472) have not been included in the lease liability because it is not reasonably certain that the leases will 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 is within the control of the lessee.

Share-based compensation expenses:

As described in Note 4, the Company has corrected a prior period error by restating its financial statements for a cash-settled share-based expense transaction with the Company's CEO. The critical accounting judgements made by management involved in this transaction were the following:

a) As per the contract, the CEO can opt to sell back the entirety of the shares to the Company using a pre-determined formula based on financial information for 2022. The formula included in the contract includes an element referred to as 'net debt' which is defind as 'all interest-bearing debt' but makes no specific reference to whether lease liabilities are included in this term. For purposes of the calculation of the liability to the CEO as part of the award/allotment, the Company's interpretation of such debt included lease liabilities. In the event that lease liabilities are excluded from the calculation, the liability to the CEO would increase by €205,363, €190,151 and €73,101 as at 31 December 2023, 2022 and 2021 respectively. The reported losses for the years ended 31 December 2023 and 2022 would increase by €15,212 and €117,050 respectively.

b) The calculations performed by management as at 1 January 2022 for the impact of this transaction were based on management's expectation that there was high probability for the award/allotment to be granted since the targets were expected to be met as of the target date. As such, management's expectation as of that date, was that the CEO would have been awarded/allotted the full 1.5%. If this expectation was lower by 10%, i.e. 1.35%, the liability as at 1 January 2022 would have been €182,338 lower. This impact would have been reflected in the Statement of comprehensive income the year ended 31 December 2022 as an additional expense.

8. 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.

	2023 €	2022 (restated) €
Telecommunication services	60,157,657	53,281,775
Sales of goods	374,185	379,721
Football broadcasting rights related revenue	7,283,969	6,853,924
Sales of mobile devices	6,455,832	3,384,598
	74,271,643	**63,900,018**

The Football broadcasting rights related revenue relates mainly to the revenue charged to the other two football broadcasting rights holders based on the agreement signed on 11 July 2020 to allow each party the broadcasting of the combined pool of football matches. The agreement expires on 31 July 2024. It also relates to the right to market to public viewing revenue, i.e. cafeterias, pubs, restaurants, etc., charged to one of the other football broadcasting rights holders also based on the above stated agreement, as well as to advertising and live streaming.

	2023 €	2022 (restated) €
Timing of revenue recognition		
At a point in time	14,882,339	7,875,055
Over time	59,389,304	56,024,963
	74,271,643	**63,900,018**

8. Revenue (continued)

Sales of goods and Sales of mobile devices as well as part of the Telecommunication services and the Football broadcasting rights related revenue are recognised at a point in time, whereas part of the Telecommunication services and the Football broadcasting rights related revenue are recognised over time.

9. Cost of sales

	2023 €	2022 (restated) €
Services	31,839,023	25,202,404
Electricity for nodes	514,665	559,570
Operational and maintenance fee for international capacity	1,054,266	1,116,448
Sales Commission	96,190	(20,027)
Fees payable to Electricity Authority of Cyprus	843,884	857,720
Amortisation of broadcasting football rights (Note 19)	5,117,580	4,994,953
Depreciation and amortisation (Notes 17 & 19)	7,990,796	9,064,227
Sundry expenses	70,881	161,147
	47,527,285	**41,936,442**

The Depreciation and amortisation amount relates to Buildings (new Data Centre/Warehouse at Aradippou),Network, Motor Vehicles, Tools, International Capacity and Other Intangibles.

10. Other operating income

	2023 €	2022 (restated) €
Other Income	206,072	-
Gain from sale of property, plant and equipment	2,217	664
HRDA Subsidy	19,284	34,767
Deposit refund on terminated customers	-	42,800
	227,573	**78,231**

Other income represents mainly gain on initial recognition of payables, resulting from discounting the long-term portion of the said payables.

The amount of Deposit refund on terminated customers relating to the current period has been reflected in Revenue, since it is directly related to the business activities of the Company generating the revenue.

11. Selling and distribution expenses

	2023 €	2022 (restated) €
Staff costs	1,774,081	1,651,768
Advertising	2,397,423	2,278,754
Stamp duties	198,549	181,247
Sundry expenses	164,722	229,999
Depreciation of right-of-use asset motor vehicles (Note 18)	605,015	457,341
Sundry expenses	286,430	72,800
	5,426,220	**4,871,909**

12. Administration expenses

	2023 €	2022 (restated) €
Staff costs	7,398,770	7,382,167
Directors and secretary fees	244,564	291,861
Licences and taxes	414,326	364,799
Electricity	996,794	971,747
Water supply and cleaning	135,237	168,502
Insurance	138,994	106,111
Stationery and printing	105,056	117,906
Computer software maintenance costs	2,645,569	2,569,535
Auditor's remuneration - current year for the statutory audit of annual accounts	55,000	50,000
Auditor's remuneration - current year for other assurance services	14,500	10,000
Tax and VAT services for current year	13,702	12,935
Auditors' remuneration - prior years	-	300
Legal fees	156,643	141,726
Other professional fees	98,397	237,485
Fines	6,021	54,618
Motor fuels	46,066	179,272
Depreciation Right-of-use assets	2,295,434	1,777,049
Depreciation property, plant, equipment and amortisation of software	3,439,503	3,361,862
Sundry expenses	896,679	1,175,495
	19,101,255	**18,973,370**

The statutory auditor for these financial statements is PricewaterhouseCoopers Limited. The non-audit fees of €14,500 (2022: €10,000) relate to the review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' in respect of the half-yearly 2023 and 2022 financial statements of the Company respectively. There were no other professional fees for other services provided by the Statutory Auditor during the current period (2022: €30,000).

13. Staff costs

	2023 €	2022 (restated) €
Directors' Remuneration	322,581	376,690
Salaries	7,595,749	7,451,364
Social insurance costs	944,546	901,379
Social cohesion fund	159,326	156,516
Pensions cost	150,649	147,986
	9,172,851	**9,033,935**
Average number of employees (including Directors in their executive capacity)	**426**	**403**

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

The above figures also exclude a proportion of the staff costs of the Fixed & Mobile, TV Systems and IP & Transport Departments, which are capitalized under Property, plant and equipment - Network and machinery (Note 17) and of the Management Information Systems, Software Development and Quality & Training Departments, which are capitalized under Intangible assets - Computer software (Note 19) and include all payroll-related benefits such as overtimes, standby allowances, bonuses and commissions. The methodology of the capitalization is explained in Note 7.

14. Loss in respect of the EU-funded projects

	2023 €	2022 (restated) €
Loss in respect of the EU-funded projects	-	57,750
	-	**57,750**

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 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 paid to the EU REA's appointed beneficiaries the total amount of €518,080.

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 financial statements, the likelihood of such occurrence is assessed as possible, rather than probable. Therefore, as it was the case in 2021 and 2022 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 all projects which, as stated above, were fully settled in 2022.

15. Finance income/(costs)

	2023 €	2022 (restated) €
Exchange profit	9,050	14,564
Finance income	**9,050**	**14,564**
Net foreign exchange losses	-	(68,070)
Interest expense	(3,476,312)	(2,642,529)
Sundry finance expenses	(406,361)	(408,811)
Finance costs	**(3,882,673)**	**(3,119,410)**
Net finance costs	**(3,873,623)**	**(3,104,846)**

16. Tax

	2023 €	2022 (restated) €
Deferred tax - charge/(credit) (Note 30)	159,504	(12,149)
Charge/(credit) for the year	**159,504**	**(12,149)**

16. Tax (continued)

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

	2023 €	2022 (restated) €
Loss before income tax	(2,164,194)	(5,312,768)
Tax calculated at the applicable tax rates	(270,524)	(664,096)
Tax effect of expenses not deductible for tax purposes	2,667,480	2,724,611
Tax effect of allowances and income not subject to tax	(2,444,818)	(2,336,804)
Tax effect of tax loss for the year	207,366	264,140
Tax charge	**159,504**	**(12,149)**

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

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

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

CABLENET COMMUNICATION SYSTEMS PLC

Notes to the Financial Statements
Year ended 31 December 2023

17. Property, plant and equipment

	Land and Buildings	Leasehold buildings and improvements	Assets under construction	Network	Motor vehicles	Furniture, fixtures, equipment and computer hardware	Tools	Total
	€	€	€	€	€	€	€	€
Cost								
Balance at 1 January 2022	-	2,951,357	3,466,702	89,268,266	1,199,610	19,023,626	417,855	116,327,416
Additions	-	609,338	1,484,162	6,517,168	13,650	2,621,561	29,681	11,275,560
Disposals	-	-	-	-	-	(15,532)	-	(15,532)
Transfer to Network	-	-	(4,269,584)	4,269,584	-	-	-	-
Transfer to Right-of-use assets	-	(363,732)	-	-	-	-	-	(363,732)
Balance at 31 December 2022/ 1 January 2023	-	3,196,963	681,280	100,055,018	1,213,260	21,629,655	447,536	127,223,712
Additions	4,752	350,293	4,902,286	6,367,744	-	2,812,683	24,406	14,462,164
Disposals	-	-	-	(28,099)	(28,192)	(23,245)	-	(79,536)
Transfer to Network	-	-	(2,725,141)	2,725,141	-	-	-	-
Transfer to Land and Buildings	454,956	-	(454,956)	-	-	-	-	-
Reclassification to Furniture, fittings and equipment	-	-	-	(42,191)	-	42,191	-	-
Reclassification to Tools	-	-	-	(3,539)	-	-	3,539	-
Transfer to Intangible assets (Note 19)	-	-	-	(1,543,279)	-	-	-	(1,543,279)
Balance at 31 December 2023	**459,708**	**3,547,256**	**2,403,469**	**107,530,795**	**1,185,068**	**24,461,284**	**475,481**	**140,063,061**
Depreciation								
Balance at 1 January 2022	-	1,105,195	-	53,943,574	736,719	14,960,876	255,957	71,002,321
Charge for the year	-	267,151	-	7,373,971	178,022	2,191,152	95,743	10,106,039
On disposals	-	-	-	-	-	(13,188)	-	(13,188)
Transfer to Right-of-use assets	-	(133,590)	-	-	-	-	-	(133,590)
Balance at 31 December 2022/ 1 January 2023	-	1,238,756	-	61,317,545	914,741	17,138,840	351,700	80,961,582
Charge for the year	617	306,560	-	6,525,197	158,511	2,305,702	67,760	9,364,347
On disposals	-	-	-	(4,665)	(28,192)	(21,693)	-	(54,550)
Reclassification to Furniture, fittings and equipment	-	-	-	(15,828)	-	15,828	-	-
Reclassification to tools	-	-	-	(1,147)	-	-	1,147	-
Transfer to Intangible assets (Note 19)	-	-	-	(1,293,517)	-	-	-	(1,293,517)
Balance at 31 December 2023	**617**	**1,545,316**	**-**	**66,527,585**	**1,045,060**	**19,438,677**	**420,607**	**88,977,862**
Net book amount								
Balance at 31 December 2023	**459,091**	**2,001,940**	**2,403,469**	**41,003,210**	**140,008**	**5,022,607**	**54,874**	**51,085,199**
Balance at 31 December 2022	**-**	**1,958,207**	**681,280**	**38,737,473**	**298,519**	**4,490,815**	**95,836**	**46,262,130**

17. Property, plant and equipment (continued)

For the FY2023, the Company reclassified assets included under Other non-financial assets in previous periods under Property, plant and equipment - Assets under construction and Intangible assets - Assets under construction. In 2023, an amount of €4,902,286 was reflected as additions in Assets under construction above and an amount of €903,891 was reflected in Intangible assets under Assets under construction (Note 19). These additions represent assets which have not yet been completed and thus, not yet put in use and not yet generate revenue for the Company. As a result, no depreciation/amortisation is charged during the period. Depreciation/amortisation charges will commence from the date each asset is completed and put in use.

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

	2023 €	2022 (restated) €
Loss from the sale of property, plant and equipment	(830)	(965)
Profit from the sale of property, plant and equipment (Note 10)	2,217	664
	1,387	**(301)**

No impairment indicators have been identified by management as at 31 December 2023 and 31 December 2022 in respect of the Company's property, plant and equipment.

	2023 €	2022 (restated) €
Opening NBV at the beginning of the year	46,262,130	45,325,095
Additions	14,462,164	11,275,560
Disposals	(79,536)	(15,532)
Transfer to Intangible assets	(1,543,279)	-
Transfer to ROU assets	-	(363,732)
Depreciation	(9,364,347)	(10,106,039)
Disposals	54,550	13,188
Transfer to Intangible assets	1,293,517	-
Transfer to ROU assets	-	133,590
Closing NBV at the end of the year	**51,085,199**	**46,262,130**

18. Right-of-use assets

	Land and buildings	4G & 5G Spectrum Licences	Motor vehicles	ROU Assets - Public Works	EAC Ducts Leases	Total
	€	€	€	€	€	€
Cost						
Balance at 1 January 2022	4,484,344	-	2,138,056	-	261,276	6,883,676
Additions	766,748	16,403,594	525,660	-	-	17,696,002
Balance at 31 December 2022/ 1 January 2023	5,251,092	16,403,594	2,663,716	-	261,276	24,579,678
Additions	136,930	-	926,925	63,168	-	1,127,023
Remeasurement	-	-	-	-	(22,365)	(22,365)
Terminations	-	-	(111,389)	-	-	(111,389)
Balance at 31 December 2023	**5,388,022**	**16,403,594**	**3,479,252**	**63,168**	**238,911**	**25,572,947**
Depreciation						
Balance at 1 January 2022	1,632,974	-	947,581	-	43,545	2,624,100
Charge for the year	749,868	1,012,666	457,341	-	14,515	2,234,390
Balance at 31 December 2022/ 1 January 2023	2,382,842	1,012,666	1,404,922	-	58,060	4,858,490
Charge for the year	760,770	1,519,000	605,015	2,746	12,918	2,900,449
Balance at 31 December 2023	**3,143,612**	**2,531,666**	**2,009,937**	**2,746**	**70,978**	**7,758,939**
Net book amount						
Balance at 31 December 2023	**2,244,410**	**13,871,928**	**1,469,315**	**60,422**	**167,933**	**17,814,008**
Balance at 31 December 2022	**2,868,250**	**15,390,928**	**1,258,794**	**-**	**203,216**	**19,721,188**

18. Right-of-use assets (continued)

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

ROU asset	No of ROU assets leased	Range of remaining term	Average remaining lease term	No of leases with extension options	No of leases with option to purchase	No of leases with termination options
Office/Shops	22	<1 - 8 years	2.6 years	13	-	11
Warehouses	2	55 - 94 years	74.5 years	-	-	-
Motor vehicles	132	<1 - 5 years	2.6 years	-	-	-
EAC Ducts Leases	1	13 years	13 years	-	-	-
Public Works Ducts Leases	1	22 years	22 years	-	-	-

No impairment indicators have been identified by management as at 31 December 2023 and 31 December 2022 in respect of the Company's right-of-use assets.

i. Amounts recognised in profit or loss

The income statement shows the following amounts relating to leases (as depreciation charge):

	2023 €	2022 (restated) €
Land and buildings	760,770	749,868
Motor vehicles	605,015	457,341
EAC ducts leases	12,918	14,515
Public Works ducts leases	2,746	-
4G & 5G Spectrum Licences	1,519,000	1,012,666
Total	**2,900,449**	**2,234,390**
Interest expense (included in finance cost)	381,969	413,613
Total	**381,969**	**413,613**

Expenses relating to leases of €605,015 (2022: €457,341) have been charged in "selling and distribution expenses" and €2,295,434 (2022: €1,777,049) in "administration expenses".

The total cash outflow for leases in 2023 was €2,949,736 (2022: €7,165,235).

19. Intangible assets

	Computer software	International capacity	Leasehold rights on buildings	Assets under construction	Football rights	IP addresses	Total
	€	€	€	€	€	€	€
Cost							
Balance at 1 January 2022	5,747,854	21,815,367	423,690	2,135,495	26,016,676	-	56,139,082
Additions/Adjustments	657,325	5,968,864	-	60,550	(391,920)	-	6,294,819
Disposals	(26,250)	-	-	-	-	-	(26,250)
Transfer to International capacity	-	1,800,000	-	(1,800,000)	-	-	-
Transfer to Computer software	131,724	-	-	(131,724)	-	-	-
Transfer to Right-of-use assets (Note 18)	-	-	(423,690)	-	-	-	(423,690)
Balance at 31 December 2022/ 1 January 2023	6,510,653	29,584,231	-	264,321	25,624,756	-	61,983,961
Additions/Adjustments	871,177	-	-	903,891	11,691,242	163,309	13,629,619
Transfer to Software	813,362	-	-	(813,362)	-	-	-
Deductions	-	-	-	-	(100,000)	-	(100,000)
Transfer from Property, plant and equipment (Note 17)	-	-	-	-	-	1,543,279	1,543,279
Balance at 31 December 2023	**8,195,192**	**29,584,231**	**-**	**354,850**	**37,215,998**	**1,706,588**	**77,056,859**
Amortisation							
Balance at 1 January 2022	4,153,855	13,890,325	67,550	-	13,682,918	-	31,794,648
On disposals	(19,688)	-	-	-	-	-	(19,688)
Amortisation for the year	919,444	1,417,344	1,705	-	4,994,953	-	7,333,446
Transfer to Right-of-use assets (Note 18)	-	-	(69,255)	-	-	-	(69,255)
Balance at 31 December 2022/ 1 January 2023	5,053,611	15,307,669	-	-	18,677,871	-	39,039,151
Amortisation for the year	827,241	1,221,727	-	-	5,117,580	16,983	7,183,531
Transfer from Property, plant and equipment (Note 17)	-	-	-	-	-	1,293,517	1,293,517
Balance at 31 December 2023	**5,880,853**	**16,529,396**	**-**	**-**	**23,795,451**	**1,310,500**	**47,516,200**
Net book amount							
Balance at 31 December 2023	**2,314,339**	**13,054,835**	**-**	**354,850**	**13,420,547**	**396,088**	**29,540,659**
Balance at 31 December 2022	**1,457,042**	**14,276,562**	**-**	**264,321**	**6,946,885**	**-**	**22,944,810**

No impairment indicators have been identified by management as at 31 December 2023 and 31 December 2022 in respect of the Company's intangible assets.

19. Intangible assets (continued)

An amount of €1,543,279, relating to IP addresses, represent reclassification from Property, plant and equipment - Network (Note 17).

For the FY2023, the Company reclassified assets included under Other non-financial assets in previous periods under Property, plant and equipment - Assets under construction and Intangible assets - Assets under construction. In 2023, an amount of €4,902,286 was reflected as additions in Assets under construction (Note 17) and an amount of €903,891 was reflected in Intangible assets under Assets under construction above. These additions represent assets which have not yet been completed and thus, not yet put in use and not yet generate revenue for the Company. As a result, no depreciation/amortisation is charged during the period. Depreciation/amortisation charges will commence from the date each asset is completed and put in use.

Despite the fact that no impairment indicators have been identified, the Company, as an extra layer of validity of this conclusion, compared the carrying amount of the football broadcasting rights asset with the recoverable amount (higher of value in use (VIU) & fair value less costs of disposal). Value in use represents the present value of the future cash flows expected to be deliverd from the continuing use of the asset and from its disposal at the end of its useful life. The recoverable amount as at 31 December 2023 of the football broadcasting rights asset is well above the carrying amount of the equivalent assets as at 31 December 2023, supporting management's conclusion that there are no impairment indicators as at 31 December 2023.

The average remaining useful economic life for Computer Software is 3.4 years, International capacity is 15.6 years, Other Intangibles is 13.2 years and Football broadcasting rights is 3.4 years.

Impairment assessment

The Company allocates its football broadcasting rights as follows:

	Carrying amount		**Recoverable amount**	
	2023	**2022 (restated)**	**2023**	**2022 (restated)**
	€	**€**	**€**	**€**
Football broacasting rights	13,420,547	6,946,885	21,342,340	8,517,396
Total	**13,420,547**	**6,946,885**	**21,342,340**	**8,517,396**

These calculations use cash flow projections based on financial budgets approved by the Board of Directors covering a period up until 31 May 2027. Management prepares the financial budgets based on past performance experience and its expectations for business and market developments.

The key assumptions used for the value-in-use calculations (reflected in the Recoverable amounts) are as follows:

	Football broadcasting rights 2023
Average annual increase in cash inflows	6.00%
Discount rate	10.66%

	Football broadcasting rights 2022
Average annual increase in cash inflows	6.00%
Discount rate	11.58%

Average annual increase in cash inflows represents the average annual growth rate over the period of the football broadcasting rights contracts (up until May 2027). It is based on past performance and management's expectations of market development.

19. Intangible assets (continued)

The two components of the discount rate are the cost of equity and the cost of debt. The cost of equity has been calculated by management by applying the CAPM formula (Ke=Rf+beta(Rm-Rf) where Rf is the risk-free rate of return and Rm is the market return). The cost of debt is the cost of raising debt finance through a financial intermediary.

Sensitivity analysis

An increase in the discount rate by 1% would not have resulted to an impairment charge.

A decrease in the number of subscribers by 20% would not have resulted to an impairment charge.

Please note that no critical estimates have been identified as part of the above calculation and no significant risk of a material misstatement within the next financial year has been identified for any of the inputs in the calculation.

20. Inventories

	2023 €	2022 (restated) €
Telecom prepaid cards, mobile devices & accessories	504,061	770,456
	504,061	**770,456**

Inventories are stated at cost.

The cost of inventories recognised as expense and included in the cost of sales amounted to €6,657,228 (2022: €3,421,544).

21. Trade receivables

	2023 €	2022 (restated) €
Trade receivables	12,603,852	8,684,241
Receivable from related parties	30,318	-
Less: Specific provision for bad debts	(2,212,557)	(1,606,834)
Less: Allowance for expected credit losses	(425,646)	(392,955)
Trade receivables - net	9,995,967	6,684,452
Less non-current receivables	(2,287,755)	(1,535,282)
Current portion	**7,708,212**	**5,149,170**

21. Trade receivables (continued)

Movement in allowance for expected credit losses of receivables:

	2023 €	2022 (restated) €
Balance at 1 January	392,955	523,405
Impairment charge/(reversal)	32,691	(130,450)
Balance at 31 December	**425,646**	**392,955**

Movement in specific provision of receivables:

	2023 €	2022 (restated) €
Balance at 1 January	1,606,834	1,213,407
Additional charge of specific provision	605,723	393,427
Balance at 31 December	**2,212,557**	**1,606,834**

Non-current receivables relate to device financing receivables, i.e. receivables relating to the sale of mobile phones and other devices which will be collected after 12 months. This is the result of the schemes introduced by the company in December 2021 and December 2022 for acquiring a device with a repayment schedule of 24-monthly installments and 36-monthly installments respectively.

The net present value of the 24-monthly/36-monthly installments was calculated using an interest rate of 4.99%. This rate was the 2023 average as obtained from the Statistics Section of the Central Bank of Cyprus. The difference between the actual value of the receivables and their net present value (€185,245 in 2023 and €91,483 in 2022) was recognized within "Revenue" in the Statement of Comprehensive Income.

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

The exposure of the Company to credit risk and impairment losses in relation to trade receivables is reported in note 6 of the financial statements.

The carrying amounts of the Company's trade receivables are denominated in Euro.

22. Other non-financial assets

	2023 €	2022 (restated) €
Non-current assets:		
Prepayments and deposits	150,859	2,517,797
Current Assets:		
Prepayments and deposits	4,542,542	5,024,319
	4,693,401	**7,542,116**

An amount of €0 (2022: €2,359,000), included in non-current prepayments, is the result of the agreement signed between the Company and two other football broadcasting rights holders on 11 July 2020 to allow each party the broadcasting of the combined pool of content.

An amount of €2,359,000 (2022: €4,044,000), included in current prepayments, is again the result of the agreement signed between the Company and two other football broadcasting rights holders on 11 July 2020 to allow each party the broadcasting of the combined pool of content.

22. Other non-financial assets (continued)

An amount of €2,334,401 (2022: €1,139,116) relates to other prepayments, deposits and deferred expenses.

23. Financial assets at amortised cost

	2023 €	2022 (restated) €
Financial assets at amortised cost	424,664	454,155
Specific provision for bad debts	(246,965)	(246,965)
Balance at 31 December	**177,699**	**207,190**

The carrying amounts of the Company's financial assets at amortised cost are denominated in Euro. Note 6 sets out information about the impairment of financial assets and the Company's exposure to credit risk.

The above items relate to other receivables.

The difference between the carrying amount and the fair value of the above financial assets at amortised cost is not considered to be significant.

24. Restricted cash

	2023 €	2022 (restated) €
Balance at 1 January	3,050,325	3,927,407
(Deductions)/Additions	(1,005,550)	(877,082)
Balance at 31 December	**2,044,775**	**3,050,325**
Less non-current portion	(683,450)	(683,450)
Current portion	**1,361,325**	**2,366,875**

The total restricted bank deposits amount, as at 31 December 2023, was €2,044,775 (2022: €3,050,325). This amount includes a) an amount of €973,875 (2022: €1,316,875) representing 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, expiring on 15 June 2024, b) an amount of €683,450 (2022: €683,450) representing 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, expiring on 20 July 2026 and c) an amount of €387,450 (2022: €1,050,000) representing the cash collateral of a Letter of Guarantee in favour of CYTA, expiring on 15 June 2024 and relating to the RAN Sharing agreement signed with CYTA in May 2021. Further reductions in the restricted deposits amounting to €333,812 are expected in July 2024.

25. Cash and cash equivalents

Cash balances are analysed as follows:

	2023 €	2022 (restated) €
Cash in hand	98,861	85,230
Cash at bank	717,172	527,153
	816,033	**612,383**

25. Cash and cash equivalents (continued)

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

	2023 €	2022 (restated) €
Cash at bank and in hand	816,033	612,383
Bank overdrafts (Note 28)	(2,261,272)	(3,932,195)
	(1,445,239)	**(3,319,812)**

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 6 of the financial statements.

Reconciliation of liabilities arising from financing activities:

	Bond and Borrowings €	Loans from related parties €	Leases €	Total liabilities from financing activities €
Opening Balance 1 January 2023	39,975,652	3,511,446	14,190,362	57,677,460
Cash flows:				
Proceeds from borrowings	-	6,000,000	-	6,000,000
Repayment of principal	-	-	(2,949,736)	(2,949,736)
Repayment of interest	(1,600,000)	(280,466)	(381,969)	(2,262,435)
Interest expense	1,662,345	351,626	381,969	2,395,940
Other non-cash changes:				
Acquisitions/Additions	-	-	984,336	984,336
Closing Balance – 31 December 2023	**40,037,997**	**9,582,606**	**12,224,962**	**61,845,565**

	Bond and Borrowings €	Loans from related parties €	Leases €	Total liabilities from financing activities €
Opening Balance 1 January 2022	39,915,796	-	4,248,080	44,163,876
Cash flows:				
Proceeds from borrowings	-	3,500,000	-	3,500,000
Repayment of principal	-	-	(7,165,235)	(7,165,235)
Repayment of interest	(1,600,000)	(70,000)	(413,495)	(2,083,495)
Interest expense	1,659,856	81,446	413,495	2,154,797
Other non-cash changes:				
Acquisitions/Additions	-	-	17,107,517	17,107,517
Closing Balance – 31 December 2022	**39,975,652**	**3,511,446**	**14,190,362**	**57,677,460**

Please refer to Note 32 for the football broadcasting rights liability.

26. Share capital

	2023 Number of shares	2023 €	2022 Number of shares	2022 €
Authorised				
Ordinary shares of €1.71 each	4,000,000	6,840,000	4,000,000	6,840,000
Issued and fully paid				
Balance as at 1 January and 31 December	**3,362,570**	**5,749,995**	**3,362,570**	**5,749,995**

All issued shares are fully paid.

27. Other reserves

	Share premium €	Merger reserve €	Capital reserve €	Total €
Balance at 31 December 2022/1 January 2023/31 December 2023	**25,198,409**	**(538,393)**	**1,733,062**	**26,393,078**

On 1st August 2016, all the assets, liabilities and reserves of Lemontel Limited were transferred to its sole shareholder, Cablenet Communication Systems PLC, at their book values based on merger accounting principles, business combination of entities under common control.

Lemontel Limited is the wholly-owned subsidiary company of Cablenet. The Company's investment is fully impaired as Lemontel Limited is a dormant entity. Cablenet is not required to prepare consolidated financial statements, as its majority shareholder, GO plc prepares consolidated financial statements for the largest group of companies which the Company participates as a subsidiary.

The Capital reserve of €1,733,062 relates to the fair value of the benefit received by the Company as a result of the interest waiver of the loan from GO plc during March 2014.

28. Borrowings

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

On 2 June 2022, the Company obtained a loan of €3.5 million from GO plc. 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 portionon 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 total interest paid in 2023 was €140,000 (2022: €70,000). The accrued interest for the period from 3 December 2023 to 31 December 2023, amounting to €11,643, has been capitalized on the balance of the loan.

On 12 April 2023, the Company signed an agreement with GO plc to obtain a loan of up to €6 million. On 20 April 2023 the first disbursement of €2.5 million has been effected. On 13 June 2023 the second disbursement of €2 million has been effected. The third disbursement of €1 million has been effected on 9 July 2023. The fourth and final disbursement of €0.5 million has been effected on 9 August 2023. The loan bears interest at the rate of 6% per annum and there is no set repayment schedule. The Company is obliged to pay only the interest portion on the loan on a quarterly basis with the first interest payment effected on 20 July 2023. The loan's maturity date being three (3) years after the date of the First Disbursement, i.e. on 20 April 2026. The total interest paid in 2023 was €140,466 (2022: €0). The accrued interest for the period from 21 October 2023 to 31 December 2023, amounting to €70,963, has been capitalized on the balance of the loan.

28. Borrowings (continued)

	2023 €	2022 (restated) €
Current borrowings		
Bank overdrafts (Note 25)	2,261,272	3,932,195
Bond interest	-	1,600,000
Loans from shareholders	687,830	11,446
	2,949,102	**5,543,641**
Non-current borrowings		
Bond	40,037,997	38,375,652
Loans from shareholders	8,894,776	3,500,000
	48,932,773	**41,875,652**
Total	**51,881,875**	**47,419,293**

The balance of the Bank overdrafts includes an amount of €500,152 relating to a factoring account which is basically used as an overdraft account. Throughout the years, this balance is maintained to an amount around €500,000. The Company deposits a certain amount of cash to the factoring account on a monthly basis which is obtained back at the end of each month.

The balance of the bond as at 31 December 2023 is €40,037,997. The bond liability is comprised of the balance of the bond as at 31 December 2022 of €39,975,652, the accrued interest and bond charges for the year amounting to €1,662,345 and the interest paid during the year of €1,600,000.

Maturity of non-current borrowings:

	2023 €	2022 (restated) €
Between one to two years	1,166,113	-
Between two and five years	7,728,663	3,500,000
Over five years	40,037,997	38,375,652
	48,932,773	**41,875,652**

The bank overdrafts 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.

Approved but unused limits:

In addition to the above borrowings, the Company at 31 December 2023 had available approved but undrawn facilities which amounted to €2,268,728 (2022: €597,801).

The fair values of the borrowings approximate to their carrying amounts as presented above.

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

	2023	2022 (restated)
Bank overdrafts	6.36%	2.54%
Bond interest	4.08%	4.08%
Loan of €3.5m from parent company	4.01%	4.01%
Loan of €6m from parent company	6.00%	- %

The carrying amounts of the Company's borrowings are denominated in Euro.

29. Lease liabilities

This note provides information for leases where the Company is a lessee.

	2023 €	2022 (restated) €
Balance at 1 January	14,190,362	4,248,080
Additions	1,127,023	17,107,517
Repayments	(3,331,705)	(7,578,730)
Interest	381,969	413,495
Remeasurement	(31,298)	-
Terminations	(111,389)	-
Balance at 31 December	**12,224,962**	**14,190,362**

Lease liabilities of €9,477,595 (2022: €11,317,460) are non-current whereas lease liabilities of €2,747,367 (2022: €2,872,902) are current.

	Minimum lease payments		The present value of minimum lease payments	
	2023 €	2022 (restated) €	2023 €	2022 (restated) €
Not later than 1 year	3,036,965	3,208,011	2,747,367	2,872,902
Later than 1 year and not later than 5 years	7,119,723	8,213,796	6,590,563	7,556,653
Later than 5 years	3,140,674	4,062,098	2,887,032	3,760,807
	13,297,362	**15,483,905**	**12,224,962**	**14,190,362**
Future finance charges	(1,072,400)	(1,293,543)	-	-
Present value of lease liabilities	**12,224,962**	**14,190,362**	**12,224,962**	**14,190,362**

All lease obligations are denominated in Euro.

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

30. Deferred tax

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax liability

	Other €	Total €
Balance at 1 January 2022	-	-
Charged/(credited) to:		
Statement of comprehensive income (Note 16)	1,923,866	1,923,866
Balance at 31 December 2022/ 1 January 2023	1,923,866	1,923,866
Charged/(credited) to:		
Statement of comprehensive income (Note 16)	1,332,315	1,332,315
Adjustment to reflect the IAS 12 amendments as of 1 January 2023	82,467	82,467
Balance at 31 December 2023	**3,338,648**	**3,338,648**

30. Deferred tax (continued)

The "Other" column relates to the deferred tax liability arising due to taxable temporary differences in respect of the recognition of the right-of-use assets related to the 4G and 5G spectrum licences, motor vehicles and warehouses as well as to taxable temporary differences in respect of football rights intangible asset. Please refer to note 7 for further information. A deferred tax asset has also been recognized as per the table above as management follows the gross approach in presenting this.

Deferred tax assets

	ECL	**Difference between depreciation/ amortisation and wear and tear allowance**	**Tax losses**	**Other**	**Total**
	€	**€**	**€**	**€**	**€**
Balance at 1 January 2022	65,426	112,496	535,908	-	713,830
Charged/(credited) to:					
Statement of comprehensive income (Note 16)	(16,307)	384,828	264,140	1,303,361	1,936,022
Balance at 31 December 2022/ 1 January 2023	49,119	497,324	800,048	1,303,361	2,649,852
Charged/(credited) to:					
Statement of comprehensive income (Note 16)	4,087	(402,537)	193,405	1,375,290	1,170,245
Adjustment	-	-	-	85,035	85,035
Balance at 31 December 2023	**53,206**	**94,787**	**993,453**	**2,763,686**	**3,905,132**

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable.

The "Other" column relates to the deferred tax asset arising due to deductible temporary differences in respect of the recognition of the lease liability related to the 4G and 5G spectrum licences, motor vehicles and warehouses as well as to deductible temporary differences in respect of football rights liability. Please refer to note 7 for further information. A deferred tax liability has also been recognized as per the table above as management follows the gross approach in presenting this.

31. Trade and other payables

	2023 €	2022 (restated) €
Trade payables	13,125,032	12,425,217
Contract liabilities	5,766,657	9,703,940
Social insurance and other taxes	887,168	804,157
VAT	1,586,233	1,583,751
Shareholders' current accounts - credit balances	11,715,907	6,756,504
Accruals	2,498,882	2,441,035
Refundable security deposits on subscription	3,384,132	3,249,389
Payables to related parties	133,131	19,375
	39,097,142	**36,983,368**
Less non-current payables	(4,077,632)	(11,040,715)
Current portion	**35,019,510**	**25,942,653**

Non-current payables relate to: 1) an amount relating to refundable security deposits on subscriptions amounting to €0 (2022: €2,769,389), 2) an amount relating to the agreement between the three football providers which included under Contract liabilities amounting to €0 (2022: €2,359,000), 3) an amount relating to other trade payables amounting to €4,077,632 (2022: €4,741,712) and 4) an amount relating to share-based compensation expense amounting to €0 (2022: €1,170,614), as explained in Note 4.

An amount of €3,496,850 (2022: €5,181,850) included in Contract liabilities, comes from the agreement between three football providers on 11 July 2020 for the provision of all football matches through one platform. This amount covers the remaining income from public viewing due to the Company from the end of 2023 and up to 31 July 2024, amounting to €1,137,850 (2022: €1,137,850) and the income from football content due to the Company from the end of 2023 and up to 31 July 2024, amounting to €2,359,000 (2022: €4,044,000).

The Contract liabilities relate to the Company's obligation to transfer goods or services to its customers for which the Company has received consideration or an amount of consideration is due from the customers. Out of the €5,766,657 (2022: €9,703,940) of Contract liabilities, €4,268,821 (2022: €7,833,174) has been settled during 2023 and the remaining remains unsettled as at the balance sheet date.

The carrying amounts of trade and other payables approximate their fair value.

In the above table, the following items fall within the definition of financial liabilities at amortised cost: Trade payables, Shareholders' current accounts, Accruals, Other creditors, Refundable security deposits on subscription and Payables to related parties.

The Company's trade and other payables are denominated as follows:

	€
Euro - functional and presentation currency	37,454,269
US Dollars	1,642,873
Total	**39,097,142**

32. Football broadcasting rights liability

Football broadcasting rights liability analysis

	2023 €	2022 (restated) €
Liabilities		
Current portion	4,386,287	5,597,143
Non-current portion	10,003,209	2,362,361
	14,389,496	**7,959,504**

Football broadcasting rights liablility represents the present value of the estimated future contractual payments to football clubs in Cyprus for the provision of their home football matches recognised as a financial liability at amortised cost. On initial recognition the weighted average incremental borrowing rate applied to football broadcasting rights liability was 2.32%. The subsequent additions have been recognised using a weighted average incremental borrowing rate of 4.00%. The 2023 additions have been recognised using a weighted average incremental borrowing rate of 4.25%.

The carrying amount of the football broadcasting rights liability approximates its fair value.

Change in football broadcasting rights liability:

	2023 €	2022 (restated) €
Balance at 1 January	7,959,504	12,780,339
Additions	11,691,242	172,230
Interest charge	595,750	407,498
Repayments (net of discounts)	(5,757,000)	(5,400,563)
Deductions	(100,000)	-
	14,389,496	**7,959,504**

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). As such additions of €10,906,458 have been recognised during 2021. Furthermore, the broadcasting rights of 2 of the 5 football clubs, the exclusive broacasting rights of which are held by the Company, will now expire in May 2027, following the Company's decision not to exercise the early termination clause which was valid until 28 February 2023. As such additions of €11,691,242 have been recognised during 2023. As at the date of this report the broadcasting rights agreements with the other 3 football clubs, the exclusive broadcasting rights of which are held by the Company until 31 May 2024, have not been extended further.

In August 2022, the Company signed an agreement with the Greek Football Club Olympiacos Piraeus (Olympiacos F.C.), acquiring the football broadcasting rights of the said Football Club for the period from September 2022 to May 2023. The said agreement was not renewed beyond May 2023.

33. Related party transactions

The Company is directly controlled by GO plc, incorporated in Malta, which owns the 70.22% (2022: 70.22%) of the Company's shares. The remaining shares are held by Mr. Nicolas Shiacolas. Additionally, GO Ventures Ltd, Mr. Ayrton Caruana, Mr. Reuben Attard, Mr. Kelvin Camenzuli and Mr. Yiannos Michaelides hold 1 share each.

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 Societe Nationale des Telecommunications (Tunisie Telecom). The ultimate controlling party of the Company is Societe Nationale des Telecommunications (Tunisie Telecom).

The registered address of GO plc is Fra Diegu street Marsa, MRS 1501, Malta.

33. Related party transactions (continued)

GO plc prepares Consolidated Financial Statements for the largest group of companies which the company participates as a subsidiary. Users can obtain these Consolidated Financial Statements from GO plc investor centre - news & publications section, in its site, following the link: https://www.go.com.mt/investor-centre/news-publications

The following transactions were carried out with related parties:

33.1 Directors' remuneration

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

	2023 €	2022 (restated) €
Directors' remuneration	306,248	376,690
Directors and audit committee fees	173,564	168,671
Directors' social insurance and other contributions	16,333	18,536
Chairman fees and bonus	35,000	35,000
	531,145	**598,897**

33.2 Purchases and other expenses

	Nature of transactions	2023 €	2022 (restated) €
GO plc	Interest on loan	351,626	81,446
C.N. Shiacolas (Investments) Ltd (common controlling parties related to minority shareholder)	Payments made for ROU assets & related lease liabilities	319,916	217,887
GO plc	Management fees	174,564	169,671
GO plc	Technical support	10,000	52,190
GO plc	Trade	6,145,319	1,864,661
		7,001,425	**2,385,855**

33.3 Receivables from related parties

Name	Nature of transactions	2023 €	2022 (restated) €
C.N. Shiacolas (Investments) Ltd	Trade	30,318	113,756
		30,318	**113,756**

The receivables from related parties are interest free, and have no specified repayment date.

33. Related party transactions (continued)

33.4 Payables to related parties (Note 31)

Name	Nature of transactions	2023 €	2022 (restated) €
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
Menelaos Shiacolas (Director and close family member with Nicolas Shiacolas)	Finance	133,131	133,131
GO plc	Trade	6,690,755	1,731,352
GO plc	Finance	9,582,606	3,511,446
		21,431,644	**10,401,081**

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

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

On 24 May 2023, the Company's Board of Directors unanimously approved the award/allotment of 1.34% of the issued share capital of the Company to the Company's CEO, Mr. Yiannos Michaelides. This term was included in Mr. Michaelides' employment contract which was signed in May 2020 and was effective from 15 June 2020. According to the contract, Mr. Michaelides would be eligible for up to the award/allotment of 1.5% of the issued share capital of the Company should certain targets for the year ended 31 December 2022 be achieved. As a result, it is expected that in 2024, 45,058 shares of €1.71 each will be awarded/allotted to Mr. Michaelides for free. At the date of this report it has not yet been decided whether Mr. Michaelides will be awarded or allotted the shares as well as the exact implementation date. Furthermore, the contract provides an option to Mr. Michaelides to exit the plan if he chooses to, by selling the shares awarded/allotted to him back to the Company. This transaction was not reflected in the Company's financial statements for the years ended 31 December 2020, 2021 and 2022 and has been identified as an error for purposes of the 31 December 2023 financial statements. As such, the 31 December 2022 financial statements have been restated to reflect the impact of this transaction. Please refer to Notes 4 and 7 for more detailed explanation of the facts and the accounting entries involved. Given that the shares have not been awarded/allotted to Mr. Michaelides, the financial statements include a provision amounting to €1,264,263 (2022: €1,170,614) within trade and other payables in relation to this matter. The expense recognized in the Statement of comprehensive income amounts to €93,649 (2022: €78,243).

34. Guarantees given to investees

	In relation to	2023 €	2022 (restated) €
Velister Ltd	Bank loans and overdraft	1,206,606	1,206,606

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

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

The Company holds 15% of the ordinary shares of Velister Ltd and as at 31 December 2023 had no participation in the Board of Diretors of Velister Ltd. As a result, the Company has not defined Velister Ltd as a related party.

35. Shareholders holding more than 5% of share capital

The persons holding more than 5% of the share capital as at 31 December 2023 and 8 March 2024 (5 days before the date of approval of the financial statements by the Board of Directors) were as follows:

	31 December 2022	31 December 2023	8 March 2024
	%	%	%
Nicolas Shiacolas	29.78	29.78	29.78

36. Contingent liabilities

As at 31 December 2023 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 €6,456,742 (2022: €9,310,248).

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

	2023	2022 (restated)
	€	€
Within one year	4,446,361	7,314,590
Between one and five years	2,010,381	1,995,658
	6,456,742	**9,310,248**

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. Please refer to Note 24 for more details.

There are currently two (2) legal cases against the Company relating to Labour Law matters, estimated to a total amount of €124,323, which could have an impact on the Company's financial statements. These cases are handled by the Company's external legal advisors and as of the date of this report, the progress of the cases cannot provide sufficient conclusions to allow, with any degree of comfort, the provision of the above stated amount in the Company's financial statements.

The Company had no other significant contingent liabilities as at 31 December 2023, other than what is disclosed in Note 34.

37. Commitments

Capital commitments

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

	2023 €	2022 (restated) €
Property, plant and equipment	2,641,654	2,890,864
Intangibles	510,518	431,173
	3,152,172	**3,322,037**

Other operating commitments

Additionally, as at 31 December 2023 the Company had commitments in relation to the payment of:

- Operating and maintenance fees from 2024 to 2046 amounting to €65,358,467 (2022: €71,174,159)
- Software Maintenance fees and annual support cost from 2024 to 2028 amounting to €2,976,666 (2022: €3,284,631)
- TV-content fees from 2024 to 2025 of €3,694,526 (2022: €4,752,297)
- Cost of Sports & Production Expenses from 2024 to 2025 of €1,505,900 (2022: €2,216,400)
- Sports-related sponshorships from 2024 to 2025 of €192,500 (2022: €169,000)
- Consumables, maintenance, marketing, support and other expenses from 2024 to 2028 €1,986,232 (2022: €1,727,631)

38. Events after the reporting period

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements, apart from what is stated below.