CABLENET COMMUNICATION SYSTEMS PLC

Report and Financial statements

31 December 2022

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Report and Financial statements
Year ended 31 December 2022

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GENERAL INFORMATION

Board of Directors:	**Executive** Yiannos Michaelides **Non-Executive** Nikhil Prakash Patil (Chairman) Faker Hnid Neoclis Nicolaou Michael Warrington Lassaad Ben Dhiab (Appointed on 23 May 2022) Paul Testaferrata Moroni Viani (Resigned on 28 September 2022) Kelvin Camenzuli (Appointed on 28 September 2022) Menelaos Shiacolas Marios Kalochoritis
Company Secretary:	Francis Galea Salomone
Independent Auditors:	PricewaterhouseCoopers Limited Certified Public Accountants and Registered Auditors PwC Central 43 Demostheni Severi Avenue CY-1080 Nicosia, Cyprus
Legal Advisers:	Antoniou McCollum & Co. LLC 9 Nikitara Street 1080 Nicosia, Cyprus
Registered office:	41-49 Agiou Nicolaou Street Block A, Nimeli Court 2nd Floor 2408 Egkomi, Nicosia, Cyprus
Bankers:	Bank of Cyprus Public Company Ltd Alpha Bank Cyprus Ltd Hellenic Bank Public Company Ltd Eurobank Cyprus Ltd The Cyprus Development Bank
Registration number:	137520

CABLENET COMMUNICATION SYSTEMS PLC

Chief Executive Officer's review

It's fair to sum up the year 2022 as one that defied expectations. After two tumultuous years, the world entered 2022 with signs and expectations of a progressive return to normalcy, the continued remission of the after-effects of the global COVID-19 pandemic and what appeared as renewed economic strength and the advent of lower volatility in the global economy. By the end of 2022, the abrupt escalation of the still ongoing Russia - Ukraine conflict and its global-reaching effects, left 2022 as a year of challenges, volatility and shocks of similar magnitude to the two preceding ones. The resulting inflationary pressures were quite apparent on the supply chain, as well on the demand side of the economy. 2022 was, thus, the 3rd challenging year in a row, during which Cablenet Communication Systems PLC ('Cablenet' or 'the Company') has had to deliver on its long-term evolutionary path towards establishing itself as a national full-service (quad-play) telecom operator by building up a mobile services business of scale, alongside its leading fixed services one. A path that requires and will require Cablenet to meet increasingly higher standards of performance and gradually be transformed and reinvented, at both a Strategic and Operational level, to meet them. Cablenet remains unwavering in its desire to become a solid producer of strong returns for its shareholders and a contributor of exceptional value to its employees and stakeholders. I am proud that in 2022, Cablenet delivered a strong performance on all three pillars of our strategy, notwithstanding the Ukrainian crisis and the global inflationary shock in its aftermath, the abated but continuing impact of the COVID-19 pandemic and a host of continuing and ever-changing challenges to the Company and its employees.

2022 saw a substantial increase in the scale of our mobile business, operating under a MNO (Mobile Network Operator) model, led by our innovative Purple Max product concept, which is centered on post-paid customers, with unlimited data allowances at prices affordable to the entire market and continues our traditional “value” proposition to the consumers. The Cypriot mobile market is a significantly bigger market, in terms of revenue and customers, than the fixed one, where Cablenet was traditionally active, with 1.365 million users (OCECPR data, June 2022), of which 67% are post-paid and 33% pre-paid users. Our growing presence in this market section is delivering 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.102% (2021: c.110%) of our mobile subscriber base, doubling it to slightly over 93,000 (2021: 46,000) post-paid and pre-paid subscribers at the end of 2022 and an increase of 134% (2021: 157%) of our 2022 mobile service revenue to €10.3 million (2021: €4.4 million) vs. 2021. The continued endorsement by the market encouraged us to continue our investments during 2022 in the mobile business, on the distribution end, as well as on network-related systems. During 2022 we also began the migration of our mobile customers to utilizing Cablenet's own 4G and 5G frequency spectrum and expect to conclude the bulk of this effort by the end of Q1 2023. In parallel, we have contrinued to grow the mobile device financing service that was introduced at the end of 2021 by cautiously expanding the eligibility criteria to select clusters of our customer base. We have also continued to demonstrate innovation, by adding to the variety of options, such as the inclusion of gaming consoles and the ability for customers to extend the repayment to 36 months.

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. 205,000 Homes Passed vs. c.193,000 at the end of 2021. More than 82,600 households (2021: 80,500) and 4,800 businesses (2021: 4,200) by the end of 2022 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.

The above expansion was also accompanied by our continued commitment to deliver not just faster speeds to our customers but also add to the resilience and overall performance of our network outside the customer premises but also the in-premise experience. A prime example of this focus, is the strengthening in May 2022 of our existing co-operation with Plume®, a world leader in offering innovative, cloud-driven, smart home and business services to over 40 million locations globally and to over 1.6 billion connected devices. Leveraging Cablenet’s focus on innovation and the agreement with Plume®, we introduced in May 2022 the revolutionary “Purple Max Internet” service “Powered by Plume HomePass®”. Cablenet subscribers now enjoy a superfast, safe and secure Internet service (up to 1 Gbps) with an augmented customer experience throughout the home. An experience that includes flawless whole-home WiFi that adapts to the unique needs of each device and every user, advanced home network security, WiFi presence detection, personalised parental controls and guest access management. The product has proven popular with our existing and new customers base reaching a double-digit % of adoption by year-end 2022. It is such direct and supporting investments that were and will remain a sizable part of our investment budget.

CABLENET COMMUNICATION SYSTEMS PLC

Chief Executive Officer's review

During 2022, we continued to grow our TV customer base, in the Sports and Non-Sports segments. Starting June 2022, Cablenet brought in-house the management of our advertising air-time sales and saw significant improvement in the revenue of that activity. In October, we also purchased the rights to broadcast and distribute the Eurobasket 2022 tournament, as well as the leading team of the Greek Super League, Olympiacos Piraeus, which proved very popular with our customers and our brand in Cyprus.

2022 was another year of strong revenue growth for Cablenet, which reached €63.9 million, a 19.4% growth compared to revenue of €53.5 million in 2021. This revenue growth reflects total subscriber growth of c. 40% with gains across all our customer sections (B2C and B2B) and services and products. Achieving such growth in a challenging, highly penetrated and mature market environment demonstrates the strengths of our human resources as well as our strategic and operational effectiveness.

Cablenet's gross profit increased to €22 million in 2022 (2021: €18 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 €36 million in 2022 (a higher increase to the comparable figure of 2021: €31.8 million). Our gross profit improvement comes despite a significant adverse impact of €0.9 million due to the post COVID-19 surge in mobile customers roaming abroad and the Ukrainian conflict-driven surge in electricity prices to power our network. The continued improvement, notwithstanding these external factors, demonstrates that our investments of the past few years, especially those in mobile, Sports TV and fixed network expansion are continuing to improve their returns and deliver an ever increasing positive contribution to our results. Our operating loss improved in 2022 to €2.1 million (2021: loss of €2.6 million); the reason a significantly larger improvement was not registered being additional electricity and fuel costs impacting our operating and cost of sales expenses. During 2022, we completed the termination of our participation in all four of the EU-funded projects we were involved with and expect no further financial obligations on the matter. With regards to COVID-19, directly-related costs (other than roaming) have decreased significantly compared to 2021 and had a €0.06 million impact in our operating profit.

In 2022, we also made our second 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 2023 and continuing to grow our business for our bondholders' benefit as well.

Cablenet's 2022 capital expenditure amounted to €15.1 million (2021: €12.3 million), the increase being driven in Intangibles by investments in international capacity and software systems and in property, plant and equipment by investments in computer hardware and network expansions. The case for our investments continuing, so as to exploit a market opportunity to generate higher growth and returns, remains intact. As we did in 2022, we will 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 2022, 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 2022 and for their commitment and hard work. The increase of c. 18% that we have seen in employee satisfaction scores 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, 8 March 2023

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 2022.

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 special resolution, the Company went public in accordance with the Companies Law, Cap. 113.

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, other than changes in its shareholding structure that have been disclosed in the Investor Centre segment of our website. 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 €5,222,376 (2021: €4,570,612). On 31 December 2022 the total assets of the Company were €110,444,902 (2021: €88,342,848) and the net assets of the Company were €3,139,123 (2021: €8,361,499). The main non-current assets of the Company consist of a) property, plant and equipment of €45,580,850, b) right-of-use assets of €19,721,188, which have been significantly increased during 2022 (as a result of the commencement of utilization and capitalization of the 4G & 5G Spectrum Frequency Licences held by Cablenet of an amount of €16.4 million), c) intangible assets of €22,680,489, primarily consisting of international capacity (growing by €7,768,864 vs. 2021, due to the activation and recognition of capacity contracted in the Arsinoe subsea cable system) and football broadcasting rights, d) Trade receivables of €1,535,282 and e) other non-financial assets (prepayments) of €3,463,398. Moreover, the main current assets of the Company consist of trade receivables of €5,149,170, other non-financial assets (prepayments) of €5,024,319 and cash and cash equivalents of €612,383 with current liabilities primarily consisting of trade and other payables of €25,942,653 and the football broadcasting rights liability of €5,597,143. The Company's non-current liabilities primarily consist of the €40,000,000 4% unsecured bonds maturing in August 2030, with a balance of €38,375,652, of the loan obtained from GO plc in June 2022, with a balance of €3,500,000, Trade and other payables of €9,870,101 and the football broadcasting rights liability of €2,362,361, all as of 31 December 2022.

In the aftermath of the Russia - Ukraine conflict starting in February 2022, there were substantial increases in fuel and electricity prices in Cyprus. The Company was not eligible or participated in any subsidy or other compensating scheme and this specific cost saw an increase of €0.64 million vs. 2021 impacting profitability.

Review of financial performance and comparison to 2022 projections as included in the Financial Analysis Summary

The Company's financial results for the year ending 31 December 2022 are set out on page 24. This section compares the results achieved by the Company during the year ending 31 December 2022 ('FY2022') to the previous year ('FY2021') as well as the 2022 projections, as included in the Financial Analysis Summary dated 26 May 2022, ('2022 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 5%, bringing the total customers base to more than 86,000 retail subscribers and 4,800 business ones, following the expansion of the Company's network in new areas. Furthermore, adding the Company's mobile subscribers (pre-paid and post-paid), the total customer base grew by 38% in 2022 to reach a total of slightly below 181,000 subscribers (2021: slightly over 131,000). The growth in fixed customers was fueled by the expansion of our network and the launch of new innovative products like Purple Max Internet and that of mobile, by the continuing popularity of the Purple Max mobile package, supported by the device financing options available to customers.

The Company is committed to keep investing in its network infrastructure so that its customers enjoy the latest technology and the best possible quality. Furthermore, during the year under review, the Company's FTTH network coverage was extended to cover another 4,000 households and reaching almost 36,000 households, representing approximately 9% (2021: 10%) of Cypriot households, which were estimated to be about 353,000 as of October 2021 (9% higher vs. prior census, CYSTAT 2021 Census preliminary results). Adjusting for the 2021 census preliminary findings and Cablenet's estimated combined FTTH and HFC coverage, was 205,000 households at the end of 2022 or 58% 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, during 2022, we reached the milestone of the technical implementation utilizing Cablenet's own 4G spectrum in the provision of our services and as a result, our mobile subscribers have exclusive access to our 4G spectrum. We have also been working, for most of 2022, on a number of routes towards the utilization of our 5G spectrum frequency holdings.

As stated in the 2021 Audited Financial Statements, in June and November 2021, Cablenet exercised its contractual options to extend, by another 2 years, the term of the agreements we have with all of the 5 Cypriot football clubs, the exclusive broadcasting rights of which we hold. The agreements expire in May 2024. In August 2022, Cablenet 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. As a result of this new agreement, an asset of c.€0.2 million and the corresponding liability have been recognised in the Statement of financial position. Furthermore, the broadcasting rights agreements of 2 of the 5 football clubs, the exclusive broadcasting 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. Similar negotiations with the other 3 football clubs will take place later in the year with the intention, subject to agreed commercial terms, to have all 5 football clubs' agreements extended.

Cablenet generated total revenue of €63.9 million in FY2022 (FY2021: €53.5 million), an increase of 19.4% on FY2021 and 1.3% higher than the comparable figure in the 2022 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 FY2022 totaled €41.9 million and €27.9 million once D&A is excluded (FY2021: €35.5 and €21.7 million respectively). The substantial increase in revenue during 2022, even though it applied to 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 (up due to the increase in both customer volumes and travel volumes post the lifting of COVID-19 restrictions), CYTA's RAN sharing charges spanning over the entire 2022 (whereas they applied only 7 months in 2021) and higher handset and device costs corresponding to higher device sales. Elevated electricity costs of €0.2 million also added to our cost of sales. Both of our newest lines of business (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 FY2022 and the plan is to continue improving on this performance during FY2023. 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 FY2023 as well. The FY2022 Gross Profit (before D&A) was €36 million, 13.2% higher than 2021 (€31.8 million) and 3.4% lower than the comparable figure in the 2022 FAS projections of €37.3 million.

Selling, distribution, administrative and other costs totaled €23.8 million in FY2022 (FY2021: €19.6 million) reflecting a) the elevated investments, in terms of network, people and IT systems, for the further growth of the business, b) higher utilities and transportation costs consumption as a result of allowing more staff to work from our locations once COVID-19 restrictions were relaxed c) one-off charges and expenses related to senior employee redundancies and d) increase in energy costs as a result of the continuous Russia - Ukraine conflict.

Cablenet generated an Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) of €17.5 million in FY2022, equivalent to an increase of 14.8% on FY2021 (FY2021: €15.3 million) and lower than the 2022 FAS estimate of €18.6 million by 6%.

The Company registered an operating loss of € 2.1 million in FY2022 in comparison to a loss of € 2.6 million in FY2021, and a Loss before income tax of € 5.2 million in FY2022 (FY2021: € 5.1 million and 4.5% worse than FAS 2022: €5 million). The performance of both metrics vs. FY2021 and the FY2022 FAS guidance is the combined effect of variances in a number of Income Statement items that have already been disclosed above, plus a number of FY2022-specific items:

a) Higher finance expenses of €0.5 million than in 2021, that relate to a higher usage of our overdarft facility and the €3.5 million loan provided by our parent, GO plc, to support Cablenet's ongoing growth and investment
b) €0.2 million reduction in net impairment losses on financial assets
c) €0.5 million (2021: €0.2 million) of one-off compensation to senior employees for leaving Cablenet.

In terms of performance vs. FAS forecast, the Company's operating loss for FY2022 was 9.3% lower (so better) than the 2022 FAS projections, due primarily to higher actual revenue achieved as stated above and to costs associated with higher a) operating costs, b) depreciation and amortisation charges and lower direct costs, that could not be accurately estimated at the time of the 2022 FAS drafting.

Review of financial position

The Company continues to have a positive total equity of € 3.1 million as at 31 December 2022 (2021: € 8.4 million) and 10.9% better than the 2022 FAS forecast of €2.8 million. The decrease is due to the loss after tax registered in FY2022 amounting to € 5.2 million (2021: € 4.6 million). Based on current trends, further growth in revenue and operating profitability are expected for FY2023 and as a result, the level of losses after tax will decrease significantly, barring extra-ordinary developments, with a number of months also seeing a profit before tax.

The Company's total asset base stands at €110.4 million as at 31 December 2022 (2021: €88.3 million), representing an increase of €22.1 million over the prior year. The increase is mainly due to the capitalisation of the 4G & 5G Spectrum Licences under Right-of-use assets. The total amount recognized was €16.4 million with the total accumulated depreciation for the year being €1 million. Recognition of such non-current assets, as well as Football Rights, 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 2022. 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, 2022 was the 2nd year in a row with an improvement and at an accelerated pace. 2022 was also the first year, this growth also cascaded into an operating profitability improvement 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 2023 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 6.3% (or 6.6 million) higher than those envisaged in the 2022 FAS, along with a similar increase in total liabilities. The variance from 2022 FAS is almost entirely due to the non-representation in FAS of mirror receivables and payables FY2022 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 €0.6 million overdraft facility provided by the Bank of Cyprus as at 31 December 2022 (€3.98 million as at 31 December 2021). Majority shareholder, GO plc, also demonstrated its commitment to continue supporting the Company's profitable growth and investment by providing a €3.5 million loan in June 2022.

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 second annual payment of interest of €1.6 million to the Bond holders in August 2022.

Financial key performance indicators

	2022	2021
<u>Gross Margin (excluding D&A)</u>		
Gross profit (excluding D&A) to Revenue	36,022,756 / 63,900,018 = 56.37%	31,815,489/ 53,502,637 = 59.47%
<u>Net Margin</u>		
Profit / (loss) before tax to Revenue	(5,234,525) / 63,900,018 = (8.19)%	(5,103,338)/ 53,502,637 = (9.54)%
<u>Return on capital</u>		
Profit / (loss) before tax to capital	(5,234,525) / 6,650,569 = (78.71)%	(5,103,338)/ 8,361,499 = (61.03)%
<u>Return on equity</u>		
Profit / (loss) before tax to Equity	(5,234,525) / 3,139,123 = (166.75)%	(5,103,338)/ 8,361,499 = (61.03)%

Gross Margin

The Gross Margin (excluding D&A) has decreased by around 3.1 percentage points vs. 2021, as a result of the Company's changing revenue mix. As described previously, during FY2022 the Company's revenue growth was driven by all business segments but predominantly by the mobile services and devices business line. During FY2022, mobile services and devices contributed €8.8 million of the €10.4 million revenue increase vs. FY2021.This business, while exhibiting increasing profitability as it reaches bigger scale, has contribution margins below those of our other businesses and the addition of its revenue results in a drop in the overall Company's Gross Margin.

Also, as previously stated, the overall impact on profitability by the ever-larger mobile services and devices business, included the effect of COVID-19 restrictions on travelling lifted right before the holiday season. Mobile aside, the remaining factors impacting the FY2022 Gross Margin, were a) significantly higher electricity prices following the Russia - Ukraine conflict and b) a higher % share of cost of sales composed of cost of equipment and services, which are then resold to B2B customers; an activity traditionally demand-or episodic ICT project-driven and often lower margin than our core services businesses.

Net Margin

The Net Margin has slightly improved compared to FY2021 due to 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 a) the impact of the Russia – Ukraine conflict on electricity and fuel prices, as well as the wider secondary inflationary impact they generated and b) the continuing after-effects of the COVID-19 pandemic or had included step-changes, such as the D&A effect of 4G and 5G Spectrum Licences recognition in the comparable 2021 figure. The metric is expected to show improvement in FY2023 along the Company's improving profitability.

Return on Capital

The percentage of Return on Capital has decreased compared to 2021, as a result of the FY2022 losses. 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 FY2023.

Return on Equity

There was a decrease in 2022 compared to 2021, due to reasons noted above. This metric is expected to show improvement in FY2023.

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. Slightly over half of the Company’s revenue is on a pre-paid basis and thus due before the invoiced month begins, 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

Management assessed the impact of COVID-19 on the Company’s FY2022 financial performance, with said impact including only costs and benefits directly and solely attributable to COVID-19 and being equivalent to an adverse impact of €0.06 million (2021: less than €0.1 million) on the Company’s operating profit. However, the lifting of COVID-19-related travel restrictions had an indirect impact in certain costs in FY2022 (such as higher mobile roaming costs) that were substantially lower in FY2021. As of the date of this report, almost three years into the COVID-19 pandemic, management has concluded and the Board concurs that the demand for the Company’s services from customers has not been materially impacted.

Going forward, in view of the facts that a significant percentage of the population worldwide, including Cyprus, has been vaccinated many with the 4th dose and some of the 5th dose of the approved vaccines, that the dominant variants of the virus, in most cases, do not lead to serious illness and to hospitalizations and that many of the Governments, including the Cyprus Government, abolished almost all protective measures against COVID-19 gradually returning back to pre-COVID-19 normality, the Company does not foresee any major adverse effects from the pandemic which could significantly affect its financial results and forward-looking statements in a negative way.

The Company did not face any material supply chain issues with respect to its procurement of services and assets and its major projects have broadly progressed as planned. Where projects were delayed, these delays were either at the Company's own discretion in the face of COVID-19 uncertainty or short-term in nature, largely as a result of everyone's adjustment to the new remote or on-premise working conditions.

With regards to collections from customers the Company granted credit extensions and waivers to business customers that were forced to shut down or otherwise materially impacted and, on some months, did not terminate retail or business customers for non-payment as it would have under normal circumstances. Consequently, bad debt provisions increased in 2022 but at a lower rate than in 2021 and 2020. As in 2021, overall collections performance for 2022 improved and was overall in line with our historical pre-pandemic performance (2019 and before).

The Company has not modified its reporting methodology and standards in response to COVID-19's impact on its business and operations. It has also determined that no impairment to assets (fixed assets, receivables, inventory) is necessary, over and above the net increase in bad debt provisions recognized in 2022 (both generic and specific).

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

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. The Company's TV platform has also discontinued broadcasting 3 Russia-originating TV channels, one on 3 March 2022 and the other two on 10 March 2022, due to the relevant EU directives and commercial considerations. The impact of this discontinuation on the revenue of the Company is extremely insignificant.

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 2023 and the foreseeable future.

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

Internal investigation related to EU-funded projects

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

It should be pointed out that no additional monetary liabilities were imposed on all projects that were fully settled in 2022. For further information, please refer to Note 14 - EU-funded projects.

Environmental Issues

The Company is very sensitive in issues concerning the climate change. 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

During the period under review, the Company procured Directors', Secretary's and Technical Advisory services from GO plc amounting to €0.22 million (31 December 2021: €0.16 million) as presented in note 33.2 (GO plc - Management fees and Technical support).

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 portion on the loan on a quarterly basis with the first interest payment effected 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.

Results and Dividends

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

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

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.

In July 2022, GO plc has executed a share purchase agreement with inter alia Mr. Nicolas Shiacolas for the purchase and acquisition of an additional two hundred and thirty thousand (230,000) shares with nominal value of €1.71 each with the new holdings to be 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.

The relevant Company's announcement is available for viewing in the Investor Centre section of the Company's website at https://cablenet.com.cy/en/investor-centre-announcements-contacts/.

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

Events after the reporting period

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements, 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 (Appointed on 23 May 2022)
Faker Hnid
Paul Testaferrata Moroni Viani (Resigned on 28 September 2022)
Michael Warrington
Neoclis Nicolaou
Yiannos Michaelides
Menelaos Shiacolas
Marios Kalochoritis
Kelvin Camenzuli (Appointed on 28 September 2022)

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 is composed of executive as well as of non-executive Directors. The determination of remuneration arrangements for Board members is a matter reserved for the Board as a whole. The total amount paid in 2022 was €598,897 (2021: €739,312) (Note 33.1).

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. For this reason, in preparing the financial statements, they continue to adopt the going concern basis.

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

Yiannos Michaelides
Director

Nicosia, 8 March 2023

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 2022 are included in the Report and financial statements 31 December 2022, 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 2022 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	Yiannos Michaelides
Chairman of the Board	Director

Nicosia, 8 March 2023

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	Yiannos Michaelides
Chairman of the Board	Director

Nicosia, 8 March 2023

CABLENET COMMUNICATION SYSTEMS PLC

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'). Although the adoption of the Code is not obligatory and Cablenet, as a debt securities issuer is granted an additional waiver, Listed Companies are required to include in their Annual Report, a Directors' Statement of compliance which deals with the extent to which the Company has adopted the Code of Principles of Good Corporate Governance and the effective measures that the Company has taken to ensure compliance with the Code, accompanied by a report of the auditors thereon.

Compliance

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

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, one of which is an executive Director and eight 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

Non-executive Directors
Nikhil Prakash Patil (Chairman)
Faker Hnid
Paul Testaferrata Moroni Viani (Resigned on 28 September 2022)
Menelaos Shiacolas
Lassaad Ben Dhieb (Appointed on 23 May 2022)
Kelvin Camenzuli (Appointed on 28 September 2022)

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 nine (9) times during the period under review. The number of board meetings attended by directors for the period ended 31 December 2022 is as follows:

	Meetings
Yiannos Michaelides	9
Nikhil Prakash Patil	9
Lassaad Ben Dhiab	5
Faker Hnid	9
Paul Testaferrata Moroni Viani	7
Michael Warrington	8
Neoclis Nicolaou	9
Menelaos Shiacolas	8
Marios Kalochoritis	9
Kelvin Camenzuli	2

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 six (6) times between 1 February 2022 and 31 August 2022. The number of Audit Committee meetings attended by the members for the year ended 31 December 2022 is as follows:

	Meetings
Michael Warrington	6
Faker Hnid	5
Neoclis Nicolaou	6

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 €598,897 (2021: €739,312) in aggregate for services rendered during the year 31 December 2022. Going forward, it is the shareholders of the Company in a General Meeting who shall determine the maximum annual aggregate remuneration of the directors.

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 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 8 March 2023 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 2022, 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 24 to 75 and comprise:

- the statement of financial position as at 31 December 2022;
- 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 a summary of significant accounting policies.

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

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 The recognition of revenue is an inherent industry risk. This is because telecom billing systems are complex and process large volumes of data with a combination of different services and products sold during the year, through a number of different systems. The Company has multiple products sold at multiple rates. Products represent a combination of service-based products, such as fixed line telephony, tv services and internet. 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 the areas that have the greatest effect on our audit. Refer to Note 8 "Revenue" 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 of relevant systems and controls, and tested the operating effectiveness of specific controls related to revenue transactions comprising services supplied to customers through the different systems involved. We further performed tests of details by tracing a sample of revenue transactions to relevant invoices, contracts and pricing lists. We 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. As part of the risk of management override of controls and the risk of fraud in revenue recognition, we tested any journal entries that related to unusual or unexpected entries impacting revenue and performed a test to identify fictitious customers. None were identified. 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, the Management Report, the Statement of the members of the Board of Directors responsibilities, the 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 judgment and maintain professional scepticism throughout the audit. We also:

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 shareholders' resolution representing a total period of uninterrupted engagement appointment of 2 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 7 March 2023 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 2022 comprising the 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 2022 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 corresponds 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 as a specific section of the Management Report, has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap, 113, and is consistent with the financial statements.
- In our opinion, based on the work undertaken in the course of our audit, the corporate governance statement includes all information referred to in subparagraphs (i), (ii), (iii), (vi) and (vii) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113.

Report on Other Legal and Regulatory Requirements **(continued)**

- 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

Nicosia, 8 March 2023

CABLENET COMMUNICATION SYSTEMS PLC

STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2022

	Note	2022 €	2021 €
Revenue	8	63,900,018	53,502,637
Cost of sales	9	(41,936,442)	(35,526,575)
Gross profit		**21,963,576**	**17,976,062**
Other operating income	10	78,231	60,032
Selling and distribution expenses	11	(4,871,909)	(4,708,537)
Administration expenses	12	(18,973,370)	(14,890,582)
Net impairment losses on financial assets	6	(268,457)	(483,717)
Loss in respect of the EU-funded projects	14	(57,750)	(509,074)
Operating loss		**(2,129,679)**	**(2,555,816)**
Analysed as follows:			
EBITDA		**17,525,753**	**15,260,130**
Depreciation and amortisation		**(19,655,432)**	**(17,815,946)**
Operating loss		**(2,129,679)**	**(2,555,816)**
Finance income	15	14,564	-
Finance costs	15	(3,119,410)	(2,547,522)
Loss before income tax		**(5,234,525)**	**(5,103,338)**
Income tax expense	16	12,149	532,726
Loss for the year		**(5,222,376)**	**(4,570,612)**
Other comprehensive income		-	-
Total comprehensive income for the year		**(5,222,376)**	**(4,570,612)**

The notes on pages 28 to 75 form an integral part of these financial statements.

CABLENET COMMUNICATION SYSTEMS PLC

STATEMENT OF FINANCIAL POSITION
31 December 2022

	Note	2022 €	2021 €
ASSETS			
Non-current assets			
Property, plant and equipment	17	45,580,850	41,858,393
Right-of-use assets	18	19,721,188	4,259,576
Intangible assets	19	22,680,489	22,208,939
Financial assets at amortised cost	23	207,190	350,487
Restricted cash	24	683,450	-
Trade receivables	21	1,535,282	-
Other non-financial assets	22	3,463,398	6,955,086
Deferred tax assets	30	2,649,852	713,830
		96,521,699	**76,346,311**
Current assets			
Inventories	20	770,456	294,556
Trade receivables	21	5,149,170	2,743,358
Other non-financial assets	22	5,024,319	4,322,255
Restricted cash	24	2,366,875	3,927,407
Cash and cash equivalents (excluding bank overdrafts)	25	612,383	708,961
		13,923,203	**11,996,537**
Total assets		**110,444,902**	**88,342,848**
EQUITY AND LIABILITIES			
Equity			
Share capital	26	5,749,995	5,749,995
Other reserves	27	26,393,078	26,393,078
Accumulated losses		(29,003,950)	(23,781,574)
Total equity		**3,139,123**	**8,361,499**
Non-current liabilities			
Borrowings	28	41,875,652	38,315,796
Lease liabilities	29	11,317,460	3,148,118
Trade and other payables	31	9,870,101	7,847,192
Football rights liability	32	2,362,361	8,019,831
Deferred tax liabilities	30	1,923,866	-
		67,349,440	**57,330,937**
Current liabilities			
Trade and other payables	31	25,942,653	14,669,257
Borrowings	28	5,543,641	2,120,685
Lease liabilities	29	2,872,902	1,099,962
Football rights liability	32	5,597,143	4,760,508
		39,956,339	**22,650,412**
Total liabilities		**107,305,779**	**79,981,349**
Total equity and liabilities		**110,444,902**	**88,342,848**

These financial statements were approved by the board of directors, authorised for issue on 8 March 2023 and signed on its behalf by:

....
Nikhil Prakash Patil
Chairman of the Board

....
Yiannos Michaelides
Director

The notes on pages 28 to 75 form an integral part of these financial statements.

CABLENET COMMUNICATION SYSTEMS PLC

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2022

	Note	**Share capital (Note 26) €**	**Other reserves (Note 27) €**	**Accumula-ted losses €**	**Total €**
Balance at 1 January 2021		5,749,995	26,393,078	(19,210,962)	12,932,111
Comprehensive income					
Net loss for the year		-	-	(4,570,612)	(4,570,612)
Total comprehensive income for the year		-	-	(4,570,612)	(4,570,612)
Balance at 31 December 2021/ 1 January 2022		5,749,995	26,393,078	(23,781,574)	8,361,499
Comprehensive income					
Net loss for the year		-	-	(5,222,376)	(5,222,376)
Total comprehensive income for the year		-	-	(5,222,376)	(5,222,376)
Balance at 31 December 2022		5,749,995	26,393,078	(29,003,950)	3,139,123

(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 28 to 75 form an integral part of these financial statements.

CABLENET COMMUNICATION SYSTEMS PLC

STATEMENT OF CASH FLOWS
Year ended 31 December 2022

	Note	2022 €	2021 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		(5,234,525)	(5,103,338)
Adjustments for:			
Depreciation of property, plant and equipment	17	10,106,039	9,268,147
Amortisation of intangible assets	19	7,333,446	7,507,876
Depreciation of right-of-use assets	18	2,234,390	1,039,923
Loss/(profit) from the sale of property, plant and equipment		301	(1,229)
Impairment charge - trade receivables	21	268,457	-
Foreign exchange gain		(14,564)	-
Interest expense	15	3,119,410	2,547,522
Loss in respect of the EU-funded projects		57,750	-
		17,870,704	**15,258,901**
Changes in working capital:			
Increase in inventories		(475,900)	(215,809)
Increase in trade receivables		(3,941,094)	(469,770)
(Increase)/decrease in other non-financial assets	22	(4,746,064)	4,462,335
Decrease/(increase) in financial assets at amortised cost		143,297	(87,186)
Increase/(Decrease) in trade and other payables		11,755,435	(4,992,515)
Cash generated from operations		**20,606,378**	**13,955,956**
Tax refunded		-	3,758
Net cash generated from operating activities		**20,606,378**	**13,959,714**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of intangible assets	19	(1,789,049)	(315,188)
Payment for purchase of property, plant and equipment	17	(13,275,016)	(12,019,355)
Payment for football rights	32	(4,836,407)	(3,713,994)
Proceeds from disposal of property, plant and equipment	17	798	2,640
Net cash used in investing activities		**(19,899,674)**	**(16,045,897)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of leases liabilities	25	(7,165,235)	(1,046,430)
Proceeds from borrowings	25	3,500,000	-
Interest paid	25	(2,559,327)	(2,064,535)
Decrease/(increase) in restricted bank deposits	24	877,082	1,932,593
Decrease/(increase) in other non-financial assets	22	1,132,688	(4,596,086)
Net cash used in financing activities		**(4,214,792)**	**(5,774,458)**
Net decrease in cash, cash equivalents and bank overdrafts		**(3,508,088)**	**(7,860,641)**
Cash, cash equivalents and bank overdrafts at beginning of the year		188,276	8,048,917
Cash, cash equivalents and bank overdrafts at end of the year	25	**(3,319,812)**	**188,276**

The notes on pages 28 to 75 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 2022 was marked by the continuous effects of the COVID-19 pandemic and the Russia - Ukraine conflict.

Regarding the COVID-19 pandemic, despite the emergence of new variants which led to significant burden to the health systems of many countries abroad, in Cyprus the health system did not face any significant burden during 2022. To this end, the government of the Republic of Cyprus, like many other governments, abolished almost all COVID-19 measures in 2022.

Entry regulations applied during 2021, which imposed limitations in the entry of individuals to the Republic of Cyprus, were also abolished in 2022.

The abolishment of these measures has boosted the economic activity both in Cyprus and globally and started to have a positive impact on businesses, market participants as well as the Cyprus and global economies, although the ongoing Russia - Ukraine conflict has created a significant increase in the energy input cost on all businesses, market participants and the Cyprus and global economies, as well as secondary inflationary pressures on wages, materials and other inputs that the energy inputs are subsequently feeding into.

Management has taken and continues to take necessary anti-COVID-19 measures to ensure minimum disruption to and sustainability of the Company’s operations and support the Company’s employees, customers and suppliers. The measures taken comprise of taking social distancing measures, such as replacement of face-to-face meetings with telecommunications, employing the work-from-home scheme for office staff and since summer 2021, with a small interval from January to February 2022 due to Omicron variant crisis during which the work from home scheme was employed, the office staff have been working from home on a rotational basis.

Going forward, in view of the facts that a significant percentage of the population worldwide, including Cyprus, has been vaccinated, that the dominant variants of the virus, in most cases, do not lead to serious illness and to hospitalizations and that, as stated above, many of the Governments abroad, including the Cyprus Government, abolished almost all protective measures against COVID-19 gradually returning back to prior COVID-19 normality, the Company does not foresee any major adverse effects from the pandemic which could significantly affect its financial results and forward looking statements in a negative way.

Regarding the Russia - Ukraine conflict, the fact that, after more than a year 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.

Management is closely monitoring the situation 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 crisis 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 2022 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.

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 2022. This adoption did not have a material effect on the accounting policies of the Company.

4. Summary of significant accounting policies

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

Going concern basis

The Company incurred a loss of €5,222,376 (2021: loss of €4,570,612) for the year ended 31 December 2022. Additionally, the Company's accumulated losses as at 31 December 2022 amounted to €29,003,950 (2021: accumulated losses of €23,781,574). This is the result of the Company's growth development strategy. For instance, during 2022, €10,786,752 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.

4. Summary of significant accounting policies (continued)

Financial position

As at 31 December 2022, the Company's current liabilities exceeded its current assets by €26,033,136 (2021: net current liabilities position of €10,653,875).

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 2022 was €4,000,000 and an amount of €575,968 (2021: €3,978,396) was available (Note 28). As at 31 December 2022, the Company's cash equivalents as per the Statement of cash flows (which also includes drawings under the revolving facility as negative), were negative amounting to €3,319,812 (2021: positive €188,276) excluding restricted cash deposits.

- The Company’s cash equivalents exclude restricted deposits of €3,050,325 (2021: €3,927,407). 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 €1,043,000 and is due for July 2023.

- 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 for FY2021 and FY2022 and Operating Profit for FY2022.

- Included in current liabilities are the amounts of Contract liabilities of €9,703,940 (2021: €5,422,645) for which no cash outflow is expected.

- Future borrowings may be sourced from third parties or from the Company’s shareholders, with the latter's availability having been concretely demonstrated in the past. For instance, during 2022, the Company obtained a €3,500,000 loan from GO plc (Note 28).

Cash flows

For the year ended 31 December 2022, the cash and cash equivalents decreased by €3,508,088. As at 31 December 2022, the Company's cash equivalents as per the Statement of cash flows amounted to negative €3,319,812 (2021: positive €188,276).

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 €3,050,325 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 (2022: 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.

4. Summary of significant accounting policies (continued)

- 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 6.6% as of December 31, 2022 (compared to 5.0% as of June 30, 2022 and 3.5% as of December 31, 2021; OCECPR data). Given the size of this market, the continued expansion of our presence in mobile telecommunication services can significantly improve our financial performance.

- The Company has prepared its cash flow forecasts using assumptions based on historical information and reasonable projections to meet its cash flow needs for the foreseeable future. According to the business plan and the matters mentioned above, the Company will have sufficient funds to finance its operations and cover its liabilities, as and when they fall due, to enable the Company to continue trading for a minimum of 12 months from the date on which the Company's financial statements for the year ended 31 December 2022 are approved by the Board of Directors. The Board of Directors has also identified discretionary expenditure across the Company's business and projects, which can be delayed, should the need arise for the conservation of liquidity.

- As mentioned above, within the current liabilities of the Company as at 31 December 2022, there are Contract liabilities of €9,703,940 (2021: €5,422,645) for which no cash outflow is expected.

- The Company's cash and cash equivalents, as at 31 December 2022, amounted to negative €3,319,812 (2021: positive €188,276) and restricted cash deposits of €3,050,325 part of which, amounting to €1,043,000, will be released back into unrestricted cash in July 2023.

- As explained in the Management Report, the Russia - Ukraine conflict is 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 2022 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.

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.

4. Summary of significant accounting policies (continued)

Revenue

Recognition and measurement

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

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

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

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

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 2022 and 2021, 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:

4. Summary of significant accounting policies (continued)

Revenue (continued)

- 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.

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.

4. Summary of significant accounting policies (continued)

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.

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.

4. Summary of significant accounting policies (continued)

Current and deferred income tax (continued)

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.

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:

	%
Leasehold buildings and improvements	3-10
Network and machinery	6.67-33.33
Motor vehicles	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.

4. Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

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

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.

4. Summary of significant accounting policies (continued)

Intangible assets (continued)

The annual amortisation rates used are as follows:

	%
Football rights	25-33.33
International capacity	4-20
Leasehold rights on buildings	1.33
Computer software	20-33.33

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 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.

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 significant 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.

Leasehold rights on buildings

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

During the year under review, there was a reclassification of leasehold rights from Property, plant and equipment and Intangible Assets to Right-of-Use Assets, with a Right-of-Use Asset of €0.6 million being recognized. As a result of this reclassification, the amount of Leasehold rights on buildings under Intangible Assets as at 31 December 2022 is zero.

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.

4. Summary of significant accounting policies (continued)

Leases (continued)

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.

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.

4. Summary of significant accounting policies (continued)

Leases (continued)

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. The Company's spectrum licences have not yet been classified as right-of-use assets since they were not made available for use by the Company due to specific conditions attached which are substantive and have not been met by 31 December 2021. Please refer to Note 7 for further information.

During 2022, the Company's 4G and 5G spectrum licences have been capitalized, thus a right-of-use asset of €16,403,594 and a corresponding liability of €11,161,750 being recognized in the Statement of Financial Position on 1 May 2022, given that the licences were made available for use by the Company due to the various conditions attached being met.

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.

4. Summary of significant accounting policies (continued)

Financial assets - Measurement (continued)

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.

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.

4. Summary of significant accounting policies (continued)

Financial assets - modification (continued)

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

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks 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).

4. Summary of significant accounting policies (continued)

Financial guarantee contracts

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

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

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

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

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

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".

4. Summary of significant accounting policies (continued)

Borrowings (continued)

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.

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.

4. Summary of significant accounting policies (continued)

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.

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 2022 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.

6. Financial risk management (continued)

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

	2022	2021
	€	€
Fixed rate instruments		
Financial liabilities	43,487,098	39,915,796
Variable rate instruments		
Financial liabilities	3,932,195	520,685
	47,419,293	**40,436,481**

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 (€3,511,446) and the bond (€39,975,652).

An increase of 100 basis points in interest rates at 31 December 2022 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.

	Profit or loss	
	2022	**2021**
	€	€
Variable rate instruments	39,322	5,207
Fixed rate instruments	434,871	399,158
	474,193	**404,365**

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.

6. Financial risk management (continued)

6.2 Credit risk (continued)

(i) Impairment of financial assets (continued)

- 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
- 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.

6. Financial risk management (continued)

6.2 Credit risk (continued)

(i) Impairment of financial assets (continued)

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 2022 or 31 December 2021 respectively and the corresponding historical credit losses experienced within this period.

On that basis, the loss allowance as at 31 December 2022 and 31 December 2021 was determined as follows for trade receivables:

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**

31 December 2021	**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%	17.9%	78.6%	78.6%	
	Business	5.3%	19.1%	33.9%	63.3%	
Gross carrying amount - trade receivables	Retail	1,120,315	71,140	-	-	1,191,455
	Business	477,909	312,202	174,806	554,308	1,519,225
Loss allowance	Retail	15,818	12,699	-	-	28,517
	Business	25,117	59,612	59,262	350,897	494,888
Total Loss allowance		**40,935**	**72,311**	**59,262**	**350,897**	**523,405**

The closing loss allowances for financial assets as at 31 December 2022 reconcile to the opening loss allowances as follows:

	Trade receivables
	€
Opening loss allowance as at 1 January 2022	523,405
Decrease in loss allowance recognised in the statement of comprehensive income	(130,450)
Balance at 31 December 2022	**392,955**

6. Financial risk management (continued)

6.2 Credit risk (continued)

(i) Impairment of financial assets (continued)

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

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 2022 and 31 December 2021 was determined as €1,606,834 and €1,213,407 respectively based on an 100% ECL (Note 21). An increase of 100 basis points in interest rates at 31 December 2022 would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. For a decrease of 100 basis points there would be an equal and opposite impact on the profit and other equity. As such the loss allowance is the same as per the gross carrying amount. In respect of the €1,606,834, €5,713 is current, €10,960 is more than 30 days past due, €10,421 is more than 60 days past due and €1,579,740 is more than 90 days past due. The increase in specific provision during the year recognised in the statement of comprehensive income was €393,427.

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-month period. Management, using the general model, concluded that the expected credit loss from this arrangement is highly immaterial.

Based on a reduction in the general provision by €130,450 and the increase in the specific provision by €393,427, the "Net impairment losses on financial assets" as per the Statement of Comprehensive Income is €262,977.

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 2022 and 31 December 2021:

Company internal credit rating	**External credit rating**	**2022**	**2021**
		€	€
Performing	Unrated	311,409	187,071
Performing	Ba3 (2021)	-	8,298
Performing	Ba2 (2022)/B1 (2021)	215,744	470,809
Total cash at bank		**527,153**	**666,178**

All cash and bank balances were performing (Stage 1) as at 31 December 2022 and 31 December 2021. No expected credit loss has been recognised.

The rest of the balance sheet item 'cash and cash equivalents' amounting to €85,230 (2021: €42,783) is cash in hand.

Restricted cash

The Company's restricted cash was performing (Stage 1) as at 31 December 2022 and 31 December 2021. No expected credit loss has been recognised. Specifically, based on external credit ratings, restricted cash of €3,050,325 was included in the rating category Ba2 as at 31 December 2022. Restricted cash of €3,927,407 was included in the rating category Ba3 as at 31 December 2021.

6. Financial risk management (continued)

6.2 Credit risk (continued)

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 €207,190 (2021: €350,487). 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 2022 (31 December 2021: €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.

(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 2022	**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	24,130,621	24,130,621	14,260,520	-	9,870,101	-	-
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	-	-
	93,699,780	**108,277,868**	**20,211,991**	**8,712,461**	**17,168,007**	**13,323,311**	**48,862,098**

6. Financial risk management (continued)

6.3 Liquidity risk (continued)

31 December 2021	Carrying amounts	Contractual cash flows	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
	€	€	€	€	€	€	€
Lease liabilities	4,248,080	4,658,182	308,217	909,640	1,148,713	1,394,024	897,588
Bond	39,915,796	54,400,000	-	1,600,000	1,600,000	4,800,000	46,400,000
Bank overdrafts	520,685	520,685	520,685	-	-	-	-
Trade and other payables	15,239,799	15,239,799	7,392,607	-	7,847,192	-	-
Football broadcasting rights liability	12,780,339	13,384,244	1,374,170	4,281,943	5,795,000	1,933,131	-
	72,704,699	**88,202,910**	**9,595,679**	**6,791,583**	**16,390,905**	**8,127,155**	**47,297,588**

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:

	2022	2021
	€	€
Total borrowings (Note 28)	47,419,293	40,436,481
Less: Cash and cash equivalents (Note 25)	(612,383)	(708,961)
Net debt	46,806,910	39,727,520
Total equity	3,139,123	8,361,499
Subordinated debt	3,511,446	-
Total capital	**6,650,569**	**8,361,499**
Gearing ratio	**87.56%**	**82.61%**

The increase in the gearing ratio during the year ended 31 December 2022 resulted from the Company accelerating its operating and capital investments, funded to a large degree by its Malta Stock Exchange bond issue, the loan from GO plc and the almost full utilization of the granted overdraft limit. This acceleration is expected to further enhance the Company’s future growth but for the fiscal year 2022 also had the effect of increasing the net debt and decreasing (via the €5.2m 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.

<u>Football rights:</u>

The Company assessed on 31 December 2022 that a specific football team would be playing in the Cypriot second division for the 2023-2024 season, although this team is currently, as at the date of these financial statements, playing in the first division. Management's decision was based on the historic performance of this football team over the last 10 years, for most of which the football team was playing the Cypriot second division. If management concluded as at 31 December 2022 that this specific team would be playing within the first division for the 2023-2024 season, the impact would have been an increase in both the football rights asset and the football rights liability by approximately €0.4 million.

Critical judgements in applying the Company's accounting policies

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

<u>Football rights and contingent payments:</u>

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.

<u>Accounting treatment of 4G and 5G spectrums:</u>

Management has assessed that due to various pre-conditions not having yet been met as at 31 December 2021, the 4G and 5G spectrum licences have not been recognised as a right-of-use asset as of this date. Consequently, all payments in respect of the spectrum licences as at 31 December 2021 have been recognised as a prepayment (Note 22) and any contractually due amounts have been disclosed within commitments (Note 37). During 2022, the Company's 4G and 5G spectrum licences have been capitalized, thus a right-of-use asset of €16,403,594 and a corresponding liability of €11,161,750 being recognized in the Statement of Financial Position on 1 May 2022, given that the licences were made available for use by the Company due to the various conditions attached being met.

<u>Determination of the lease term:</u>

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).

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

- 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.

As at 31 December 2022, potential future cash outflows of €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.

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.

	2022	**2021**
	€	**€**
Telecommunication services	53,281,775	46,202,555
Sales of goods	379,721	277,934
Football broadcasting rights related revenue	6,853,924	6,608,860
Sales of mobile devices	3,384,598	413,288
	63,900,018	**53,502,637**

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.

	2022	**2021**
	€	€
Timing of revenue recognition		
At a point in time	7,875,055	4,071,607
Over time	56,024,963	49,431,030
	63,900,018	**53,502,637**

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

	2022	2021
	€	€
Services	25,202,404	18,562,900
Electricity for nodes	559,570	374,939
Operational and maintenance fee for international capacity	1,116,448	1,274,675
Sales Commission	(20,027)	327,391
Fees payable to Electricity Authority of Cyprus	857,720	968,348
Amortisation of broadcasting football rights (Note 19)	4,994,953	5,066,614
Depreciation and amortisation (Notes 17 & 19)	9,064,227	8,772,813
Sundry expenses	161,147	178,895
	41,936,442	**35,526,575**

During 2022, the Sales commission was significantly lower compared to 2021. Furthermore, the net negative amount of €20,027 relates mainly to the prior year's overprovision.

The Depreciation and amortisation amount relates to Network, Motor Vehicles, Tools and International Capacity.

10. Other operating income

	2022	2021
	€	€
Gain from sale of property, plant and equipment	664	1,229
HRDA Subsidy	34,767	20,564
Deposit refund on terminated customers	42,800	38,239
	78,231	**60,032**

11. Selling and distribution expenses

	2022	2021
	€	€
Staff costs	1,651,768	1,656,266
Advertising	2,278,754	2,205,051
Stamp duties	181,247	172,957
Sundry expenses	229,999	249,814
Depreciation of right-of-use asset motor vehicles (Note 18)	457,341	367,064
Sundry expenses	72,800	57,385
	4,871,909	**4,708,537**

12. Administration expenses

	2022	2021
	€	€
Staff costs	7,382,167	6,583,190
Directors and secretary fees	291,861	265,192
Licences and taxes	364,799	320,593
Electricity	971,747	602,592
Water supply and cleaning	168,502	136,049
Insurance	106,111	121,605
Stationery and printing	117,906	113,056
Computer software maintenance costs	2,569,535	1,717,673
Auditor's remuneration - current year for the statutory audit of annual accounts	50,000	41,252
Auditor's remuneration - current year for other assurance services	10,000	4,000
Tax and VAT services for current year	12,935	12,303
Auditors' remuneration - prior years	300	-
Legal fees	141,726	206,428
Other professional fees	237,485	236,224
Fines	54,618	-
Motor fuels	179,272	114,299
Depreciation Right-of-use assets	1,777,049	672,859
Depreciation property, plant, equipment and amortisation of software	3,361,862	2,936,596
Sundry expenses	1,175,495	806,671
	18,973,370	**14,890,582**

The statutory auditor for these financial statements is PricewaterhouseCoopers Limited. The non-audit fees of €10,000 (2021: €4,000) 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 2022 and 2021 financial statements of the Company respectively. Other professional fees include €30,000 (2021: €0) for other services provided by the Statutory Auditor.

The increase in the Computer software maintenance costs relates to the expansion of the network and the Company's investment in making it more resilient. These costs were expensed as they did not meet the recognition requirements of IAS 16 Property, plant and equipment and IAS 38 Intangible assets.

13. Staff costs

	2022	2021
	€	€
Directors' Remuneration	376,690	535,251
Salaries	7,451,364	6,611,457
Social insurance costs	901,379	812,540
Social cohesion fund	156,516	142,920
Pensions cost	147,986	137,288
	9,033,935	**8,239,456**
Average number of employees (including Directors in their executive capacity)	**403**	**369**

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.

14. Loss in respect of the EU-funded projects

	2022	2021
	€	€
Loss in respect of the EU-funded projects	57,750	509,074
	57,750	**509,074**

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. A relevant provision has been set up in the books of the Company as at 31 December 2021. In addition, an amount of €48,744 previously recognized as receivable under these EU-funded projects has been written off during 2021. As a result, a loss in respect of the EU-funded projects of €509,074 was recognized in the Statement of Comprehensive Income for the year ended 31 December 2021.

The €460,330 figure represented management's best estimate at the time (31 December 2021), based on discussions with the EU REA and reporting systems employed by it. Subsequently, the Company paid to the EU 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 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)

	2022	2021
	€	€
Exchange profit	14,564	-
Finance income	**14,564**	**-**
Net foreign exchange losses	(68,070)	(27,248)
Interest expense	(2,642,529)	(2,066,401)
Sundry finance expenses	(408,811)	(453,873)
Finance costs	**(3,119,410)**	**(2,547,522)**
Net finance costs	**(3,104,846)**	**(2,547,522)**

16. Tax

	2022	2021
	€	€
Defence contribution	-	(3,758)
Deferred tax - credit (Note 30)	(12,149)	(528,968)
Credit for the year	**(12,149)**	**(532,726)**

16. Tax (continued)

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

	2022	2021
	€	€
Loss before income tax	(5,234,525)	(5,103,338)
Tax calculated at the applicable tax rates	(654,316)	(637,917)
Tax effect of expenses not deductible for tax purposes	2,714,831	2,438,124
Tax effect of allowances and income not subject to tax	(2,336,804)	(2,665,793)
Tax effect of tax loss for the year	264,140	336,618
Defence contribution current year	-	(3,758)
Tax charge	**(12,149)**	**(532,726)**

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.

17. Property, plant and equipment

	Leasehold buildings and improvements	Network and machinery	Motor vehicles	Furniture, fixtures, equipment and computer hardware	Tools	Total
	€	€	€	€	€	€
Cost						
Balance at 1 January 2021	2,494,797	79,763,704	1,090,896	17,251,062	312,407	100,912,866
Additions	456,560	9,504,562	175,821	1,776,964	105,448	12,019,355
Disposals	-	-	(67,107)	(4,400)	-	(71,507)
Balance at 31 December 2021/ 1 January 2022	2,951,357	89,268,266	1,199,610	19,023,626	417,855	112,860,714
Additions	609,338	10,786,752	13,650	2,621,561	29,681	14,060,982
Disposals	-	-	-	(15,532)	-	(15,532)
Transfer to Right-of-use assets (Note 18)	(363,732)	-	-	-	-	(363,732)
Balance at 31 December 2022	**3,196,963**	**100,055,018**	**1,213,260**	**21,629,655**	**447,536**	**126,542,432**
Depreciation						
Balance at 1 January 2021	895,768	47,001,365	637,553	13,093,142	176,427	61,804,255
Charge for the year	209,427	6,942,209	166,273	1,870,708	79,530	9,268,147
On disposals	-	-	(67,107)	(2,974)	-	(70,081)
Balance at 31 December 2021/ 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 (Note 18)	(133,590)	-	-	-	-	(133,590)
Balance at 31 December 2022	**1,238,756**	**61,317,545**	**914,741**	**17,138,840**	**351,700**	**80,961,582**
Net book amount						
Balance at 31 December 2022	**1,958,207**	**38,737,473**	**298,519**	**4,490,815**	**95,836**	**45,580,850**
Balance at 31 December 2021	**1,846,162**	**35,324,692**	**462,891**	**4,062,750**	**161,898**	**41,858,393**

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

	2022	2021
	€	€
Net book amount	-	-
Loss from the sale of property, plant and equipment	(965)	-
Profit from the sale of property, plant and equipment (Note 10)	664	1,229
	(301)	**1,229**

No impairment indicators have been identified by management as at 31 December 2022 and 31 December 2021 in respect of the Company's property, plant and equipment.

18. Right-of-use assets

	Land and buildings	4G & 5G Spectrum Licences	Motor vehicles	EAC Ducts Leases	Total
	€	€	€	€	**€**
Cost					
Balance at 1 January 2021	3,248,760	-	1,921,114	261,276	5,431,150
Additions	1,514,102	-	216,942	-	1,731,044
Terminations	(278,518)	-	-	-	(278,518)
Balance at 31 December 2021/ 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
Terminations	-	-	-	-	-
Balance at 31 December 2022	**5,251,092**	**16,403,594**	**2,663,716**	**261,276**	**24,579,678**
Depreciation					
Balance at 1 January 2021	1,128,933	-	580,517	29,030	1,738,480
Charge for the year	658,344	-	367,064	14,515	1,039,923
Terminations	(154,303)	-	-	-	(154,303)
Balance at 31 December 2021/ 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
Terminations	-	-	-	-	-
Balance at 31 December 2022	**2,382,842**	**1,012,666**	**1,404,922**	**58,060**	**4,858,490**
Net book amount					
Balance at 31 December 2022	**2,868,250**	**15,390,928**	**1,258,794**	**203,216**	**19,721,188**
Balance at 31 December 2021	**2,851,370**	**-**	**1,190,475**	**217,731**	**4,259,576**

During 2022, out of the total additions of €766,748 under 'Land and buildings' category, an amount of €230,142 relates to an amount reclassified from Property, plant and equipment (Note 17) and an amount of €354,435 relates to an amount reclassified from Intangibles assets (Note 19).

Please refer to Note 7 for further information about the 4G & 5G spectrum licences.

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	21	<1 - 9 years	3.4 years	12	-	9
Warehouses	2	56 - 95 years	75.5 years	-	-	-
Motor vehicles	115	1 - 5 years	3 years	-	-	-
EAC Ducts Leases	1	14 years	14 years	-	-	-

No impairment indicators have been identified by management as at 31 December 2022 and 31 December 2021 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):

	2022	2021
	€	€
Land and buildings	749,868	658,344
Motor vehicles	457,341	367,064
EAC ducts leases	14,515	14,515
4G & 5G Spectrum Licences	1,012,666	-
Total	**2,234,390**	**1,039,923**
Interest expense (included in finance cost)	413,613	113,646
Total	**413,613**	**113,646**

Expenses relating to leases of €457,341 (2021: €367,064) have been charged in "selling and distribution expenses" and €1,777,049 (2021: €672,859) in "administration expenses".

The total cash outflow for leases in 2022 was €7,165,235 (2021: €1,046,430).

19. Intangible assets

	Computer software €	International capacity €	Leasehold rights on buildings €	Football rights €	Total €
Cost					
Balance at 1 January 2021	5,432,666	22,075,367	423,690	17,106,089	45,037,812
Additions/Adjustments	315,188	-	-	8,910,587	9,225,775
Disposals	-	(260,000)	-	-	(260,000)
Balance at 31 December 2021/ 1 January 2022	5,747,854	21,815,367	423,690	26,016,676	54,003,587
Additions/Adjustments	789,049	7,768,864	-	(391,920)	8,165,993
Disposals	(26,250)	-	-	-	(26,250)
Transfer to Right-of-use assets (Note 18)	-	-	(423,690)	-	(423,690)
Balance at 31 December 2022	**6,510,653**	**29,584,231**	**-**	**25,624,756**	**61,719,640**
Amortisation					
Balance at 1 January 2021	3,302,509	12,440,713	62,435	8,616,304	24,421,961
On disposals	-	(135,189)	-	-	(135,189)
Amortisation for the year	851,346	1,584,801	5,115	5,066,614	7,507,876
Balance at 31 December 2021/ 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	**5,053,611**	**15,307,669**	**-**	**18,677,871**	**39,039,151**
Net book amount					
Balance at 31 December 2022	**1,457,042**	**14,276,562**	**-**	**6,946,885**	**22,680,489**
Balance at 31 December 2021	**1,593,999**	**7,925,042**	**356,140**	**12,333,758**	**22,208,939**

No impairment indicators have been identified by management as at 31 December 2022 and 31 December 2021 in respect of the Company's intangible assets.

The additions within the 'International capacity' category represent mainly the capitalization of the Arsinoe subsea cable driven by the relevant IRU agreement.

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 2022 of the football broadcasting rights asset is well above the carrying amount of the equivalent assets as at 31 December 2022, supporting management's conclusion that there are no impairment indicators as at 31 December 2022.

The average remaining useful economic life for Computer Software is 3.5 years, International capacity is 8.5 years and Football broadcasting rights is 1.5 years.

19. Intangible assets (continued)

Impairment assessment

The Company allocates its football broadcasting rights as follows:

	Carrying amount		Recoverable amount	
	2022	**2021**	**2022**	**2021**
	€	€	€	€
Football broacasting rights	6,946,885	12,333,758	8,517,396	14,053,120
Total	**6,946,885**	**12,333,758**	**8,517,396**	**14,053,120**

These calculations use cash flow projections based on financial budgets approved by the Board of Directors covering a period up until 31 May 2024. 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 2022
Average annual increase in cash inflows	6.00%
Discount rate	11.58%

	Football broadcasting rights 2021
Average annual increase in cash inflows	6.00%
Discount rate	10.00%

Average annual increase in cash inflows represents the average annual growth rate over the period of the football broadcasting rights contracts (up until May 2024). It is based on past performance and management's expectations of market development.

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

	2022	**2021**
	€	€
Telecom prepaid cards, mobile devices & accessories	770,456	294,556
	770,456	**294,556**

20. Inventories (continued)

Inventories are stated at cost.

The cost of inventories recognised as expense and included in the cost of sales amounted to €3,421,544 (2021: €264,867).

21. Trade receivables

	2022	**2021**
	€	€
Trade receivables	8,684,241	4,480,170
Less: Specific provision for bad debts	(1,606,834)	(1,213,407)
Less: Allowance for expected credit losses	(392,955)	(523,405)
Trade receivables - net	6,684,452	2,743,358
Less non-current receivables	(1,535,282)	-
Current portion	**5,149,170**	**2,743,358**

Movement in allowance for expected credit losses of receivables:

	2022	**2021**
	€	€
Balance at 1 January	523,405	297,013
Impairment charge/(reversal)	(130,450)	226,392
Balance at 31 December	**392,955**	**523,405**

Movement in specific provision of receivables:

	2022	**2021**
	€	€
Balance at 1 January	1,213,407	998,900
Additional charge of specific provision	393,427	214,507
Balance at 31 December	**1,606,834**	**1,213,407**

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 scheme introduced by the company in December 2021 for acquiring a device with a repayment schedule of 24-monthly installments.

The net present value of the 24-monthly installments was calculated using an interest rate of 3.65%. This rate was the 2022 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 (€91,483 in 2022 and €0 in 2021) 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

	2022	2021
	€	€
Non-current assets:		
Prepayments and deposits	3,463,398	6,955,086
Current Assets:		
Prepayments and deposits	5,024,319	4,322,255
	8,487,717	**11,277,341**

An amount of €2,359,000 (2021: €0), 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 €4,044,000 (2020: €2,793,000), 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.

An amount of €0 (2021: €1,800,000), included in non-current prepayments, relates to the IRU prepayments in connection with the Arsinoe sub-sea cable, prior to it being activated. Subsequently, in 2022 the Arsinoe sub-sea cable was activated, the prepayment was eliminated and thus an amount of €7,768,864 has been recognized under International Capacity in the Intangible Assets (Note 19).

An amount of €0 (2021: €2,966,250) and an amount of €0 (2021: €1,305,000), included in prepayments, represent prepayments for the Company's 4G and 5G mobile spectrums respectively, prior to being activated. Subsequently, in 2022 the 4G and 5G mobile spectrums have been activated, the prepayments were eliminated and thus an amount of €16,403,594 has been recognized under 4G & 5G Spectrum Licences in the Right-of-use Assets (Note 18).

An amount of €2,084,717 (2021: €2,413,091) relates to other prepayments and deposits.

23. Financial assets at amortised cost

	2022	2021
	€	€
Financial assets at amortised cost	454,155	597,452
Specific provision for bad debts	(246,965)	(246,965)
Balance at 31 December	**207,190**	**350,487**

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.

The effective interest rate as at 31 December 2022 was 3.41%.

24. Restricted cash

	2022	2021
	€	€
Balance at 1 January	3,927,407	5,860,000
(Deductions)/Additions	(877,082)	(1,932,593)
Balance at 31 December	**3,050,325**	**3,927,407**
Less non-current portion	(683,450)	-
Current portion	2,366,875	3,927,407

The total restricted bank deposits amount, as at 31 December 2022, was €3,050,325 (2021: €3,927,407). This amount includes a) an amount of €1,316,875 (2021: €1,669,063) 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 14 June 2023 b) an amount of €683,450 (2021: €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 €1,050,000 (2021: €1,575,000) representing the cash collateral of a Letter of Guarantee in favour of CYTA, expiring on 15 June 2023 and relating to the RAN Sharing agreement signed with CYTA in May 2021, less €0 (2021: €106) bank charges. Further reductions in the restricted deposits amounting to €1,043,000 are expected in July 2023.

25. Cash and cash equivalents

Cash balances are analysed as follows:

	2022	2021
	€	€
Cash in hand	85,230	42,783
Cash at bank	527,153	666,178
	612,383	**708,961**

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

	2022	2021
	€	€
Cash at bank and in hand	612,383	708,961
Bank overdrafts (Note 28)	(3,932,195)	(520,685)
	(3,319,812)	**188,276**

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.

25. Cash and cash equivalents (continued)

Reconciliation of liabilities arising from financing activities:

	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**

	Bond and Borrowings	Loans from related parties	Leases	Total liabilities from financing activities
	€	€	€	€
Opening Balance				
1 January 2021	39,918,480	-	3,696,995	43,615,475
Cash flows:				
Repayment of principal	-	-	(1,046,430)	(1,046,430)
Repayment of interest	(1,594,746)	-	(113,646)	(1,708,392)
Interest expense	1,592,062	-	113,646	1,705,708
Other non-cash changes:				
Acquisitions/Additions	-	-	1,597,515	1,597,515
Closing Balance – 31 December 2021	**39,915,796**	**-**	**4,248,080**	**44,163,876**

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

26. Share capital

	2022 Number of shares	**2022 €**	**2021** Number of shares	**2021** €
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 2021/1 January 2022/31 December 2022	**25,198,409**	**(538,393)**	**1,733,062**	**26,393,078**

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

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 company already paid two interest installments, beginning of September 2022 and beginning of December 2022, of €35,000 each, with the total interest paid in 2022 being €70,000. The accrued interest for the period from 3 December 2022 to 31 December 2022, amounting to €11,446, has been capitalized on the balance of the loan.

	2022	2021
	€	€
Current borrowings		
Bank overdrafts (Note 25)	3,932,195	520,685
Bond interest	1,600,000	1,600,000
Loans from shareholders	11,446	-
	5,543,641	**2,120,685**
Non-current borrowings		
Bond	38,375,652	38,315,796
Loans from shareholders	3,500,000	-
	41,875,652	**38,315,796**
Total	**47,419,293**	**40,436,481**

The balance of the Bank overdrafts includes an amount of €500,007 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 2022 is €39,975,652. The bond liability is comprised of the balance of the bond as at 31 December 2021 of €39,915,796, the accrued interest and bond charges for the year amounting to €1,659,856 and the interest paid during the year of €1,600,000.

28. Borrowings (continued)

Maturity of non-current borrowings:

	2022	2021
	€	€
Between two and five years	3,500,000	-
Over five years	38,375,652	38,315,796
	41,875,652	**38,315,796**

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 2022 had available approved but undrawn facilities which amounted to €575,968 (2021: €3,978,396).

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:

	2022	2021
	€	€
Bank overdrafts	2.54%	1.19%
Bond interest	4.17%	4.17%
Loan from parent company	4.01%	- %

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.

	2022	2021
	€	€
Balance at 1 January	4,248,080	3,696,995
Additions	17,107,517	1,597,514
Repayments	(7,578,730)	(1,158,553)
Interest	413,495	112,124
Balance at 31 December	**14,190,362**	**4,248,080**

Lease liabilities of €11,317,460 (2021: €3,148,118) are non-current whereas lease liabilities of €2,872,902 (2021: €1,099,962) are current.

In May 2022, the 4G and 5G mobile spectrums have been activated, thus an amount of €16,403,594 and an amount of €11,161,750 have been recognized as a right-of-use asset and liability respectively. Please refer to Note 18 for further information.

29. Lease liabilities (continued)

	Minimum lease payments		The present value of minimum lease payments	
	2022	**2021**	**2022**	**2021**
	€	€	**€**	€
Not later than 1 year	3,208,011	1,217,857	2,872,902	1,099,962
Later than 1 year and not later than 5 years	8,213,796	2,542,737	7,556,653	2,331,500
Later than 5 years	4,062,098	897,588	3,760,807	816,618
	15,483,905	**4,658,182**	**14,190,362**	**4,248,080**
Future finance charges	(1,293,543)	(410,102)	-	-
Present value of lease liabilities	**14,190,362**	**4,248,080**	**14,190,362**	**4,248,080**

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 31 December 2021/ 1 January 2022	-	-
Charged/(credited) to:		
Statement of comprehensive income (Note 16)	1,923,866	1,923,866
Balance at 31 December 2022	**1,923,866**	**1,923,866**

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 asset related to the 4G and 5G spectrum licences. Please refer to note 7 for further information. A deferred tax asset has also been recognized as per the table below as management follows the gross approach in presenting this.

30. Deferred tax (continued)

Deferred tax assets

	ECL €	Difference between depreciation/ amortisation and wear and tear allowance €	Tax losses €	Other €	Total €
Balance at 1 January 2021	-	-	184,862	-	184,862
Charged/(credited) to: Statement of comprehensive income (Note 16)	65,426	112,496	351,046	-	528,968
Balance at 31 December 2021/ 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	**49,119**	**497,324**	**800,048**	**1,303,361**	**2,649,852**

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. 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

	2022 €	2021 €
Trade payables	12,425,217	4,836,942
Contract liabilities	9,703,940	5,422,645
Social insurance and other taxes	394,442	320,807
VAT	1,583,751	1,533,198
Shareholders' current accounts - credit balances	6,756,504	5,036,685
Accruals	1,680,136	1,565,151
Other creditors	-	32,057
Refundable security deposits on subscription	3,249,389	3,147,243
European Projects (Note 14)	-	460,330
Payables to related parties	19,375	161,391
	35,812,754	**22,516,449**
Less non-current payables	(9,870,101)	(7,847,192)
Current portion	**25,942,653**	**14,669,257**

31. Trade and other payables (continued)

Non-current payables relate to: 1) an amount due to shareholders, mainly from dividends amounting to €0 (2021: €5,025,152) since in 2022 it was reclassified within current Trade and other payables as the payment terms were amended to be repayable on demand, 2) an amount due to related parties amounting to €0 (2021: €134,797) since in 2022 it was reclassified within current Trade and other payables as the payment terms were amended to be repayable on demand, 3) an amount relating to refundable security deposits on subscriptions amounting to €2,769,389 (2021: €2,687,243), 4) an amount relating to the agreement between the three football providers which included under Contract liabilities amounting to €2,359,000 (2021: €0) and 5) an amount relating to other trade payables amounting to €4,741,712 (2021: €0).

An amount of €5,181,850 (2021: €3,496,850) 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 2022 and up to 31 July 2023, amounting to €1,137,850 and the income from football content due to the Company from the end of 2022 and up to 31 December 2023, amounting to €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 €9,703,940 (2021: €5,422,645) of Contract liabilities, €7,032,024 (2021: €2,976,001) has been settled during 2022 and the remaining remains unsettled as at the balance sheet date.

The Company's trade payables are denominated in Euro.

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, European projects and Payables to related parties.

32. Football broadcasting rights liability

Football broadcasting rights liability analysis

	2022	**2021**
	€	€
Liabilities		
Current portion	5,597,143	4,760,508
Non-current portion	2,362,361	8,019,831
	7,959,504	**12,780,339**

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 additions have been recognised using a weighted average incremental borrowing rate of 4.00% (Note 19).

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

Change in football broadcasting rights liability:

	2022	**2021**
	€	€
Balance at 1 January	12,780,339	7,143,326
Additions	172,230	10,906,458
Interest charge	407,498	356,143
Repayments (net of discounts)	(5,400,563)	(5,625,588)
	7,959,504	**12,780,339**

32. Football broadcasting rights liability (continued)

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.

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. As such additions of €172,230 have been recognised during 2022.

33. Related party transactions

The Company is directly controlled by GO plc, incorporated in Malta, which owns the 70.22% (2021: 63.38%) of the Company's shares. The remaining shares are held by 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 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:

	2022	**2021**
	€	€
Directors' remuneration	376,690	536,037
Directors and audit committee fees	168,671	85,557
Directors' social insurance and other contributions	18,536	29,505
Chairman fees and bonus	35,000	88,213
	598,897	**739,312**

33.2 Purchases and other expenses

	Nature of transactions	**2022** **€**	**2021** €
GO plc	Interest on loan	81,446	-
C.N. Shiacolas (Investments) Ltd (common controlling parties related to minority shareholder)	Payments made for ROU assets & related lease liabilities	217,887	373,888
C.N. Shiacolas (Investments) Ltd (common controlling parties related to minority shareholder)	Consultancy fees	-	25,000
GO plc	Management fees	169,671	160,153
GO plc	Technical support	52,190	-
GO plc	Trade	1,864,661	-
GO plc	Finance	3,500,000	-
		5,885,855	**559,041**

33. Related party transactions (continued)

33.3 Receivables from related parties

Name	Nature of transactions	2022 €	2021 €
C.N. Shiacolas (Investments) Ltd	Trade	113,756	-
		113,756	**-**

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

33.4 Payables to related parties (Note 31)

Name	Nature of transactions	2022 €	2021 €
GO plc	Dividends	2,848,546	2,848,546
Nicolas Shiacolas	Finance	129,969	129,969
Nicolas Shiacolas	Dividends	2,046,637	2,046,637
C.N. Shiacolas (Investments) Ltd	Trade	-	26,595
Menelaos Shiacolas (Director and close family member with Nicolas Shiacolas)	Finance	133,131	134,797
GO plc	Management fees	-	11,532
GO plc	Trade	1,731,352	-
GO plc	Finance	3,511,446	-
		10,401,081	**5,198,076**

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.

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

34. Guarantees given to investees

	In relation to	2022 €	2021 €
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 2022 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 2022 and 3 March 2023 (5 days before the date of approval of the financial statements by the Board of Directors) were as follows:

	31 December 2021 %	31 December 2022 %	3 March 2023 %
Nicolas Shiacolas	36.62	29.78	29.78

36. Contingent liabilities

As at 31 December 2022 the Company had contingent liabilities in respect of bank guarantees arising in the ordinary course of business from which the Board of Directors is not anticipating that material liability will arise. These guarantees amounted to €9,310,248 (2021: €11,810,473).

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

	2022	2021
	€	€
Within one year	7,314,590	11,780,443
Between one and five years	1,995,658	24,576
After five years	-	5,454
	9,310,248	**11,810,473**

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.

The Company had no other contingent liabilities as at 31 December 2022, other than what is disclosed in Notes 14 and 34.

37. Commitments

Capital commitments

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

	2022	2021
	€	€
Property, plant and equipment	**2,890,864**	1,788,950
Intangibles	**431,173**	13,226,781
	3,322,037	**15,015,731**

Other operating commitments

Additionally, as at 31 December 2022 the Company had commitments in relation to the payment of:

- Operating and maintenance fees from 2023 to 2046 amounting to €12,799,158 (2021: €13,883,633)
- Software Maintenance fees and annual support cost from 2023 to 2027 amounting to €3,284,631 (2021: €1,953,117)
- TV-content fees from 2023 to 2025 of €4,752,297 (2021: €7,134,177)
- Cost of Sports & Production Expenses from 2023 to 2024 of €2,216,400 (2021: €1,912,000)
- Sponshorship to football and volleyball clubs from 2023 to 2025 of €169,000 (2021: €220,000)
- Consumables, maintenance, support and other expenses for 2023 €1,727,631 (2021: €354,560)

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.

The broadcasting rights agreements of 2 of the 5 football clubs, the exclusive broadcasting 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 a result of these extensions, the corresponding assets and liabilities will be recognized in the Statement of Financial Position in 2023.

Independent auditor's report on pages 19 to 23