CABLENET COMMUNICATION SYSTEMS PLC

Condensed Interim Financial Statements

Period from 1 January 2024 to 30 June 2024

Registration number: 137520

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CONTENTS

CABLENET COMMUNICATION SYSTEMS PLC

Directors' Report pursuant to Capital Market Rules 5.75.2
Period from 1 January 2024 to 30 June 2024

This Half-Yearly Report is being published in terms of Chapter 5 of the Capital Market Rules of the Listing Authority – Malta Financial Services Authority and the Prevention of Financial Markets Abuse Act, 2005. The Half-Yearly Report comprises the reviewed (not audited) condensed interim financial statements for the six months ended 30 June 2024 prepared in accordance with Accounting Standard 34, "Interim Financial Reporting" and the requirements of the Cyprus Companies Law, Cap. 113. The condensed interim financial statements have been reviewed in accordance with the requirements of ISRE 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". The comparative statement of financial position has been extracted from the audited financial statements for the year ended 31 December 2023.

Principal activities and nature of operations of the Company

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

Review of financial performance and significant events

For the first 6 months of 2024, Cablenet continued delivering on its growth plans and improving the overall profitability of the business. The benefits of the Company's continued growth in scale is continuing to cascade down to its bottom line, with EBITDA and Gross, Operating and Net Profitability all improving versus the same period last year. The Russia - Ukraine and the Israel - Gaza conflicts continued during the whole period under review. As highlighted in the FY2023 financial statements, the effects of the former conflict remain of the same nature as the same period last year, namely elevated prices of fuel, electricity and overall inflationary pressures on the economy. The effects of the latter conflict are not direct to entities that do not have exposure to Israel and Gaza strip, like the Company, and are only indirect, since the war is affecting the overall economic uncertainty and having negative impacts on the global economy and major financial markets.

The Company's revenue in the 6-month period ended 30 June 2024, amounted to €36.3 million (30 June 2023: €37.3 million), a decrease of 2.9% over the same period last year. This revenue decrease reflects the strategically-driven reduction in device sales revenue, of around €3 million, (owing to the devices' low profitability margin), while at the same time focusing on the increase in other higher-margin revenue segments, as well as continuing gaining higher market share and focusing on the expansion of our network footprint. The subscriber gains materialised across both of the Company's residential and business customer bases and both its fixed (broadband, TV and Sports and Telephony) and especially powered by our mobile services, with the latter also being the division with the strongest subscriber and revenue growth. Furthermore, as a result of our commercially attractive mobile offerings, the Company's subscriber acquisition rate was further accelerated and, in fact, these offerings have contributed sigificantly towards achieving the results of our 2024 published Financial Analysis Summary, which is available to the public for viewing in the Investor Centre section of the Company's website at https://cablenet.com.cy/en/investor-centre-announcements-contacts/.

The continued growth our investments are generating is also increasing the scale of our businesses and products and the economies and efficiencies that come with them. Our cost of sales has large elements of fixed and semi-variable nature, for example, mobile services-related costs (call origination and termination, data and roaming costs) were lower by c. €0.2 million in comparison to the same period last year. Furthermore, in line with the decrease in the device sales revenue stated above, there was a significant decrease in the handsets' cost of c. €3 million, resulting from the strategic decision of the Company to reduce the intensity of devices and pivot its commercial effort to higher margin services. Content fees also decreased by more than €0.3 million (30 June 2023: c. €2 million) as well as Sports production costs and Sports sponsorships by more than €0.4 million (30 June 2023: c. €1 million). All the above, as well as reductions in various other cost centres, contributed to a 11.4% decrease in cost of sales when compared to the 2023 figure, despite the increases in RAN Sharing and VULA costs of c. €0.7 million (30 June 2023: c. €2.5 million) and c. €0.3 million (30 June 2023: c. €0.2 million) respectively. As a result, our Gross Profit increased by 14.6% to €14 million (30 June 2023: €12.2 million) and our Gross Margin increased to 38.6% in H1 2024 from 32.7% in H1 2023.

The Company's EBITDA amounted to €10.4 million (30 June 2023: €8.3 million), an increase of 25.2% over the same period last year. The key reasons behind this increase were mainly a) the decrease in cost of sales of €2.9 million in comparison to the same period last year, as described above and b) the decrease of €0.9 million in administration as well as selling and distribution expenses in comparison to the same period last year. At the same time, our operating expense base grew, more modestly, as we continue to support our margin-enhancing growth: staff salaries were higher in the period by more than €0.1 million as a result of the company's expansion of its network, customer base and mobile services. However, at the same time, Marketing related expenses decreased by c. €0.5 million, Software maintenance costs as well as the utility bills, especially for electricity, decreased in both cases by more than €0.04 million.

The Company's cash-flows for the 6-month period to June 30, 2024, as measured by the change in cash and cash equivalents, were positive €0.06 million (30 June 2023: negative €0.17 million), reflecting a) partly the ongoing investments in expanding our business lines and network, b) better operating cash-flow generation, including the part release of our restricted deposits and c) the €1 million (€2.9 million as at the date of this report) proceeds from a new loan granted by GO plc. During the period, previously held restricted deposits that amounted to €2.04 million as of 31 December 2023 (30 June 2023: €2.7 million) decreased to €1.7 million as of 30 June 2024 and a c. €0.4 million cash-inflow was recorded for the first half of 2024. Further reductions in restricted deposits are expected in the future. In general, such deposits are acting as collateral to short-term as well as long-term letters of guarantees and the decrease in the balance outstanding is a result of better credit terms agreed to with the providing bank.

During the period under review, Cablenet made further instalment payments towards the spectrum frequencies it has acquired. In May 2024, the fourth annual instalment payment was made for the 5G frequencies the Company acquired in the December 2020 auction and in June 2024 the sixth annual instalment for the 4G frequencies held was paid. In total, €1.8 million of mobile spectrum-related payments were made during the first 6 months of 2024 (30 June 2023: c. €1.9 million). The total payments of spectrum instalments as at 30 June 2024, amount to c. €10 million (30 June 2023: c. €8.2 million).

As stated in the 2023 Audited Financial Statements, the broadcasting rights agreements for 2 out of 5 football clubs, the exclusive broadcasting rights of which are held by the Company, are set to expire in May 2027. Furthermore, the Company has reached an agreement in principle with another 2 football clubs and will work towards securing their exclusive broadcasting rights up to May 2030.

Regarding the evolution of the trilateral sports content agreement that expired July 31, 2024, the Company has reached an agreement in principle with CYTA, as the two remaining telecom operators owning exclusive sports broadcasting rights, for each operator's content to continue being made available to the other's TV platform, until 31 July 2025. There is also an agreement in principle with Primetel, for Cablenet's sports rights to be available to Primetel's customers as well.

The Company has a negative total equity of € 1.5 million as at 30 June 2024, (31 December 2023: negative € 0.4 million). The decrease is due to the loss incurred in the period under review amounting to € 1.1 million (30 June 2023: € 3.0 million).

The Company's total asset base stands at €112.4 million as at 30 June 2024 (31 December 2023: €120.6 million), representing a decrease of €8.2 million, primarily due to the €4 million decrease in Property, plant and equipment, Right-of-use assets and Intangible assets (please refer to Note 7 (a) for more details), the €1.7 million decrease in Trade receivables resulting from bad debts write-offs and increased provision for bad debts as per IFRS9, the €1.5 million decrease in Other non-financial assets resulting from the reduction in accrued expenses, the €0.6 million decrease in the Deferred tax assets and the €0.4 million decrease in Restricted cash stated above.

Bond

On 21 August 2020 the Company was admitted to listing and trading in the Malta Stock Exchange via its €40 million 4% Unsecured Bonds 2030 of a nominal value of €1,000 per Bond issued at par. The redemption date is 21 August 2030. The Company effected the third payment of the interest of €1.6 million to the Bond holders in August 2023 and it has recorded the necessary accruals and expects to effect the fourth payment of interest and to pay the Bond holders an amount of €1.6 million, representing earned interest, on 13 August 2024.

Commentary on Ukrainian crisis

The Company offers services to Cyprus-based entities only, of which some may have Russian or Ukrainian nationality or ownership, but they represent a very small part of the Company's annual revenue and no impact has yet been noticed on the number of such customers or their payments. On the suppliers of material and services side, the Company has no reliance of size to providers from those countries.

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 future impact on the Company's financial results. The more pronounced effects have so far been indirect, such as higher costs of transportation and inputs of energy or commodity-based (i.e. steel or copper) material employed in Cablenet's operations and networks. It is expected that if the situation does not deteriorate further, there will be no material impact on the Company's activities and on its financial results this year.

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

Commentary on Israel - Gaza conflict

Regarding the Israel - Gaza conflict, this has escalated significantly after Hamas launched a major attack on 7 October 2023. As stated above, entities that do not have direct exposure to Israel and Gaza strip, like the Company, are only likely to be affected by the overall economic uncertainty and negative impacts on the global economy and major financial markets arising from the war. This is a volatile period and situation, however, as stated above, the Company is not directly exposed. It is expected that if the situation does not deteriorate further, there will be no material impact on the Company's activities and on its financial results.

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

Section 169F Cyprus Companies Law Cap. 113

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

Related party transactions

During the period under review, the Company procured Directors', Secretary's and Technical Advisory services from GO plc amounting to €0.1 million (30 June 2023: €0.09 million).

On 13 May 2024, the Company signed an agreement with GO plc for the Company to obtain a loan of €2.9 million. On 17 May 2024 the first disbursement of €1 million was effected. On 5 July 2024 the second and final disbursement of €1.9 million was effected. The loan bears interest at the rate of 6% per annum during the first year anniversary from the date of first draw down of the loan and 8% per annum for the remainder of the term of the loan. The Borrower shall fully repay the amounts drawn under the Loan, together with any accrued interest on the outstanding amounts on the earliest of the following occurring:

- the date on which the Borrower draws down funds under a loan agreement concluded between the Borrower as borrower and any natural or legal person (other than the Lender) as lender; or
- the completion of the transfer by the Borrower to the Lender of any asset or assets (including any real estate asset (or any fixtures thereon)), as may be agreed between the Parties, on terms where they may be leased back to the Borrower; or
- the date falling 3 years from the date of signing of this Agreement.

The Company is obliged to pay only the interest portion on the loan on a quarterly basis with the first interest payment due on 17 August 2024. The Company's management considers that the loan's maturity date will be the date falling 3 years from the date of signing of this Agreement, i.e. on 13 May 2027.

CABLENET COMMUNICATION SYSTEMS PLC

Directors' Report pursuant to Capital Market Rules 5.75.2
Period from 1 January 2024 to 30 June 2024

Dividends

The Board of Directors does not recommend the payment of a dividend (2023: €NIL).

Board of Directors

The Directors who served on the Board during the period under review or up to the date of this report are listed hereunder.
Nikhil Prakash Patil (Chairman)
Lassaad Ben Dhieb
Faker Hnid
Michael Warrington
Neoclis Nicolaou
Norbert Prihoda
Kelvin Camenzuli
Menelaos Shiacolas
Marios Kalochoritis

Approved by the Board of Directors on 5 August 2024 and signed on its behalf by

DocuSigned by:
Nikhil Patil
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Nikhil Prakash Patil
Chairman of the Board

05.08.2024

DocuSigned by:
Michael Warrington
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Michael Warrington
Director

05.08.2024

Condensed interim statement of comprehensive income
Period from 1 January 2024 to 30 June 2024

	Note	Six months ended 30 June 2024 Unaudited €	Six months ended 30 June 2023 Unaudited (restated) €
Revenue	11	36,286,566	37,373,152
Cost of sales		(22,293,347)	(25,157,635)
Gross profit		**13,993,219**	**12,215,517**
Other operating income		83,342	64,255
Selling and distribution expenses		(2,723,701)	(3,049,197)
Administration expenses		(9,705,166)	(10,272,075)
Net impairment loss on financial assets		(785,079)	(237,916)
Share-based compensation expenses	2(d)	(50,571)	(46,825)
Operating profit/(loss)		**812,044**	**(1,326,241)**
Analysed as follows:			
EBITDA		**10,446,218**	**8,343,909**
Depreciation and amortisation		**(9,634,174)**	**(9,670,150)**
Operating profit/(loss)		**812,044**	**(1,326,241)**
Finance income		-	141,098
Finance costs		(1,791,331)	(1,787,973)
Loss before income tax		**(979,287)**	**(2,973,116)**
Income tax (expense)/refund		(171,050)	3,829
Loss for the period		**(1,150,337)**	**(2,969,287)**
Other comprehensive loss		-	-
Total comprehensive loss for the period		**(1,150,337)**	**(2,969,287)**

The notes on pages 9 to 21 form an integral part of these condensed interim financial statements.

CABLENET COMMUNICATION SYSTEMS PLC

Condensed interim statement of financial position
30 June 2024

	Note	As at 30 June 2024 Unaudited €	As at 31 December 2023 Audited €
ASSETS			
Non-current assets			
Property, plant and equipment	7	50,714,802	51,085,199
Right-of-use assets	7	16,649,795	17,814,008
Intangible assets	7	27,054,691	29,540,659
Financial assets at amortised cost		4,618	177,699
Restricted cash	10	683,450	683,450
Trade receivables		616,652	2,287,755
Other non-financial assets		911,035	150,859
Deferred tax assets		3,279,876	3,905,132
		99,914,919	**105,644,761**
Current assets			
Inventories		196,234	504,061
Trade receivables		7,670,239	7,708,212
Other non-financial assets		2,239,107	4,542,542
Restricted cash	10	990,062	1,361,325
Cash and cash equivalents (excluding bank overdrafts)	10	1,360,927	816,033
		12,456,569	**14,932,173**
Total assets		**112,371,488**	**120,576,934**
EQUITY AND LIABILITIES			
Equity			
Share capital		5,749,995	5,749,995
Other reserves		26,393,078	26,393,078
Accumulated losses		(33,648,599)	(32,498,262)
Total equity		**(1,505,526)**	**(355,189)**
Non-current liabilities			
Borrowings		49,458,641	48,932,773
Lease liabilities	7	7,582,611	9,477,595
Trade and other payables		3,326,141	4,077,632
Football broadcasting rights liability		7,884,431	10,003,209
Deferred tax liabilities		2,884,451	3,338,648
		71,136,275	**75,829,857**
Current liabilities			
Trade and other payables		31,588,797	35,019,510
Borrowings		4,851,722	2,949,102
Lease liabilities	7	2,495,295	2,747,367
Football broadcasting rights liability		3,804,925	4,386,287
		42,740,739	**45,102,266**
Total liabilities		**113,877,014**	**120,932,123**
Total equity and liabilities		**112,371,488**	**120,576,934**

The condensed interim financial statements were approved by the board of directors, authorised for issue on 5 August 2024 and signed on its behalf by:

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Nikhil Patil
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Nikhil Prakash Patil
Chairman of the Board
05.08.2024

DocuSigned by:
Michael Warrington
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Michael Warrington
Director
05.08.2024

The notes on pages 9 to 21 form an integral part of these condensed interim financial statements.

CABLENET COMMUNICATION SYSTEMS PLC

Condensed interim statement of changes in equity
Period from 1 January 2024 to 30 June 2024

	Note	Share capital €	Other reserves €	Accumulated losses €	Total €
Balance at 1 January 2023 as restated	2(d)	5,749,995	26,393,078	(30,174,564)	1,968,509
Comprehensive loss					
Net loss for the period as restated	2(d)	-	-	(2,969,287)	(2,969,287)
Balance at 30 June 2023 as restated	2(d)	5,749,995	26,393,078	(33,143,851)	(1,000,778)
Balance at 1 January 2024		5,749,995	26,393,078	(32,498,262)	(355,189)
Comprehensive loss					
Net loss for the period		-	-	(1,150,337)	(1,150,337)
Balance at 30 June 2024		5,749,995	26,393,078	(33,648,599)	(1,505,526)

The notes on pages 9 to 21 form an integral part of these condensed interim financial statements.

Condensed interim statement of cash flows

Period from 1 January 2024 to 30 June 2024

	Note	Six months ended 30 June 2024 Unaudited €	Six months ended 30 June 2023 Unaudited (restated) €
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		(979,287)	(2,973,116)
Adjustments for:			
Depreciation of property, plant and equipment		4,799,343	4,788,694
Amortisation of intangible assets		3,373,050	3,489,235
Depreciation of right-of-use assets		1,461,781	1,392,221
Profit from the sale of property, plant and equipment		(529)	(582)
Foreign exchange loss		25,022	19,471
Net impairment loss on financial assets		785,079	237,916
Interest income		-	(141,098)
Interest expense		1,549,779	1,768,503
Share-based compensation expenses		50,571	46,825
		11,064,809	**8,628,069**
Changes in working capital:			
Decrease/(increase) in inventories		307,827	(65,419)
Decrease/(increase) in trade receivables		1,709,076	(3,368,860)
Decrease in other non-financial assets		1,543,259	830,928
Decrease in financial assets at amortised cost		173,081	21,208
(Decrease)/increase in trade and other payables		(4,182,204)	747,306
Cash generated from operations		**10,615,848**	**6,793,232**
Tax paid		-	-
Net cash generated from operating activities		**10,615,848**	**6,793,232**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of intangible assets		(868,707)	(2,294,249)
Payment for purchase of property, plant and equipment		(5,254,502)	(4,056,260)
Payment for football broadcasting rights		(2,582,667)	(2,583,000)
Proceeds from disposal of property, plant and equipment		529	582
Interest received		-	141,098
Net cash used in investing activities		**(8,705,347)**	**(8,791,829)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of lease liabilities		(2,572,387)	(2,423,754)
Proceeds from borrowings	9.2	1,000,000	4,500,000
Interest paid		(647,001)	(589,501)
Decrease in restricted cash	10	371,263	343,000
Net cash (used in)/generated from financing activities		**(1,848,125)**	**1,829,745**
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		**62,376**	**(168,852)**
Cash, cash equivalents and bank overdrafts at beginning of the period		(1,445,239)	(3,319,812)
Cash, cash equivalents and bank overdrafts at end of the period	10	**(1,382,863)**	**(3,488,664)**

The notes on pages 9 to 21 form an integral part of these condensed interim financial statements.

1. General information

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

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

The financial statements of the Company as at and for the year ended 31 December 2023 are available upon request from the Company’s registered office and also available for viewing in the Investor Centre section of its website at https://cablenet.com.cy/en/investor-centre-announcements-contacts/.

These condensed interim financial statements were approved for issue by the Board of directors on 5 August 2024.

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

2. Basis of preparation

The condensed interim financial statements as at and for the six-month period ended 30 June 2024 have been prepared in accordance with Accounting Standard 34, “Interim Financial Reporting” and the requirements of the Cyprus Companies Law, Cap. 113.

The condensed interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, the condensed interim financial statements information should be read in conjunction with the annual financial statements for the year ended 31 December 2023, which have been prepared in accordance with IFRSs and as adopted by the EU and the requirements of the Cyprus Companies Law, Cap. 113 and any public announcements made by the Company during the interim reporting period.

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

There were no unusual items because of their nature, size or incidence impacting the 2024 and 2023 results as presented in these condensed interim financial statements.

(a) Accounting policies

The accounting policies applied are consistent with those applied in the annual financial statements for the year ended 31 December 2023, as described in those annual financial statements.

New and amended standards adopted by the Company

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

(b) Impact of Ukrainian crisis

As of the date of this half-year 2024 report, management has concluded and the Board concurs that the demand for the Company’s services from customers from Russia and Ukraine as well as the Company's purchases chain have not been materially impacted from the ongoing crisis in Ukraine.

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

2. Basis of preparation (continued)

(c) Impact of Israel - Gaza conflict

As of the date of this half-year 2024 report, management has concluded and the Board concurs that the Company's financial results have not been impacted from the ongoing crisis in Israel - Gaza strip.

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

(d) Prior period error

The comparative financial information has been restated as per the provisions of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" due to the fact that they did not include the effect of the share based payment plan operated by the Company as per the principles of IFRS 2 - 'Share based payments'.

For a full description on the matter, this footnote should be read together with the Company's audited financial statements as at and for the year ended 31 December 2023. Please refer to Note 4, 'Prior period error' section in the financial statements of the Company as at and for the year ended 31 December 2023, which are available upon request from the Company's registered office and also available for viewing in the Investor Centre section of its website at https://cablenet.com.cy/en/investor-centre-announcements-contacts/.

The effect on the condensed statement of comprehensive income as at 30 June 2023 was as follows:

	As originally presented	Effect of correction	As restated
	€	€	€
Share-based compensation expenses	-	46,825	46,825
Loss for the year	2,922,462	46,825	2,969,287

The impact on the condensed statement of changes in equity as at 31 December 2022/1 January 2023 and 30 June 2023 was as follows:

	As originally presented	Effect of correction	As restated
	€	€	€
<u>31 December 2022/ 1 January 2023</u>			
Accumulated losses	29,003,950	1,170,614	30,174,564
<u>30 June 2023</u>			
Accumulated losses	31,957,830	1,139,196	33,097,026

There was no effect on the condensed interim statement of financial position due to the fact that the Company presents comparative balance sheet as at 31 December 2023 which includes the impact of the restatement. In addition, the error did not have any impact on the condensed interim statement of cash flows.

3. Going concern basis

The Company incurred a loss of €1,150,337 for the six-month period ended 30 June 2024 (30 June 2023: loss of €2,969,287). Additionally, the Company's accumulated losses as at 30 June 2024 amounted to €33,648,599 (31 December 2023: accumulated losses of €32,498,262). However, the current period was one more reporting period with consecutive improvements in the Company's operating and net profitability.

3. Going concern basis (continued)

Financial position

As at 30 June 2024, the Company's current liabilities exceeded its current assets by €30,284,170 (31 December 2023: net current liability position of €30,170,093). This is primarily down to two factors: a reflection of Cablenet's high investment momentum and a feature of Cablenet's industry and the advantageous payments and collections cycle enjoyed. Cablenet's high investment momentum means that its total income, for the reported period but also the prior 2023 annual one, is lower than its total spending. Furthermore, telecom operators collect revenue from customers on a pre-paid basis (before the service is provided) or a post-paid (after the service is provided and typically up to 30 days after) basis, whereas suppliers and vendors typically get paid between 30 and 90 days. The combination of the two factors results in less current assets than current liabilities being recognised on Cablenet's statement of financial position at any given time.

Relevant factors considered:

- The Company may obtain additional borrowings in order to meet or refinance its obligations as and when they fall due. The total approved limit of the overdraft facilities of the Company as at 30 June 2024 was €4,530,000 and an amount of €1,786,222 (31 December 2023: €2,268,728) was available. As at 30 June 2024, the Company's cash equivalents, excluding bank overdrafts, were positive and amounted to €1,360,927 (30 June 2023: positive €658,688) excluding restricted cash deposits.

- The Company's cash equivalents exclude restricted deposits of €1,673,512 (31 December 2023: €2,044,775). These deposits act as collateral for issued short-term as well as long-term letters of guarantee and are expected to be partly released back to the Company's liquidity over time - an amount of €371,263 was released in June 2024. An amount of €324,625 is due for release in June 2025.

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

- The Company has been exhibiting improving operating profitablity and reduction in net losses.

- Included in current liabilities are the amounts of contract liabilities of €2,553,258 (31 December 2023: €5,766,657) for which no cash outflow is expected, as these amounts relate to deferred revenue in relation mainly to subscriptions.

- Future borrowings may be sourced from third parties or from the Company's shareholders, with the latter's availability having been concretely demonstrated recently, by GO plc granting three loans of €3.5 million, €6 million and €2.9 million (withdrawn amount as at 30 June 2024: €1 million, withdrawn amount as at the date of this report: €2.9 million) to the Company in 2022, in 2023 and in May and July 2024 respectively, as well as in numerous occasions in the past.

Cash flows

For the period ended 30 June 2024, the cash and cash equivalents increased by €62,376. As at 30 June 2023, the Company's cash and cash equivalents amounted to €(168,852).

Relevant factors considered:

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

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

- As mentioned above, the Company has restricted cash deposits of €1,673,512 million which were sourced from the bond issuance proceeds (€40m) and which they will be gradually released for future usage.

3. Going concern basis (continued)

- The total revenue of the Company is expected to continue increasing, despite the slight decrease of 2.9% during the H1 2024 compared to H1 2023. The expected increase is a result of a) increasing the number of clients and services sold to them within existing network areas, b) the expansion of the network's coverage to other new areas allowing us as a result to increase the number of subscribers and services from those as well, c) further increase in the number of mobile telephony subscribers and d) additional revenue streams from new B2B services, sports rights and advertising.

- The Board of Directors of the Company expects that the profitability potential of the Company will be improved through strategies applied in order to a) increase the number of customers and revenue at a faster rate than that of our fixed and variable costs, b) shift some capital away from investments with long pay-out profiles to those with shorter ones and c) expand further its presence in the mobile telecommunication services section. The latter represents the majority of the Cypriot telecom market's revenue. The Company's share of the mobile market is rapidly increasing and is estimated by the Company at 10.5% as of June 30, 2024 (9.9% as of 31 December 2023 and 8.1% as of June 30, 2023; 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 condensed interim financial statements for the six-months period ended 30 June 2024 are approved by the Board of Directors. The Board of Directors has also identified discretionary expenditure across the Company's business and projects, which can be delayed, should the need arise for the conservation of liquidity.

- As mentioned above, within the current liabilities of the Company as at 30 June 2024, there are the amounts of contract liabilities of €2,553,258 (31 December 2023: €5,766,657) for which no cash outflow is expected, as these amounts relate to deferred revenue in relation mainly to subscriptions.

- The Company has negative cash and cash equivalents, as at 30 June 2024, including bank overdrafts, amounting to €1,382,863 (30 June 2023: negative €3,488,664) and restricted cash deposits of €1,673,512, since an amount of €371,263 has been released back into unrestricted cash in June 2024. An amount of €324,625 is due for release in June 2025.

- As explained in the Directors' Report, the Ukrainian crisis and the Israel - Gaza conflict are not expected to have a material impact on the projections of the Company for the going concern period.

- The Directors have also considered a letter of support obtained from GO plc, 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 liquidity that may arise to cover the Company's liabilities, as and when they fall due, to enable the Company to continue trading for a minimum of 12 months from the date on which the Company's condensed interim financial statements for the six-months period ended 30 June 2024 are approved by the Board of Directors. Additionally, the shareholders will not call for the repayment of any amounts due by the Company to themselves, until the Company has adequate funds to repay these amounts.

Conclusion

The Board of Directors after considering and evaluating all the above conditions and relevant factors has concluded that the Company has currently the available resources to enable it to continue its activities, and, despite the conditions described above there is no material uncertainty over the Company's ability to continue as a going concern for at least 12 months from the date that these condensed interim financial statements are approved by the Board of Directors.

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

4. Intangible assets, football rights and leases

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the 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 the statement of comprehensive income in the year in which the expenditure is incurred. The useful economic 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 the statement of comprehensive income 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 the statement of comprehensive income when the asset is derecognised.

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

International Capacity

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

Football broadcasting rights

The Company historically had the contractual rights, through the signing of contracts, to broadcast all the home football matches of five (5) football clubs in Cyprus. The football broadcasting rights were effective from 1 July 2019 and had 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). Furthermore, the broadcasting rights of 2 of the 5 football clubs, the exclusive broadcasting rights of which are held by the Company, are set to expire in May 2027. Furthermore, the Company has reached an agreement in principle with another 2 football clubs and will work towards securing their exclusive broadcasting rights up to May 2030.

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 the statement of comprehensive income over the contractual period of the term of the contract. If, on the statement of financial position date, indications for impairment are identified, then the asset is assessed for impairment.

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

Intangible assets (continued)

Football broadcasting rights (continued)

For the financial liability, interest expense is recognised using the effective interest rate. Any actual additional consideration paid or any relevant remeasurement of the corresponding financial liability is recognised immediately in the statement of comprehensive income (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 the statement of comprehensive income 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 is separated from the consideration used for measuring the intangible asset and is recognised as an expense on an accrual basis.

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

Computer software

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

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in the statement of comprehensive income when the asset is derecognized. The amortization expense of computer software is included in administration expenses.

Leases

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

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

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

Leases (continued)

- the Company designed the asset in a way that predetermines how and for what purpose it will be used.

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

The Company as lessee

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

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The depreciation expenses of ROU assets are included in administration expenses. The estimated useful lives of the ROU assets are determined on the same basis as those of property, plant and equipment. ROU assets are reviewed for impairment in accordance with the Company's accounting policy for impairment of non-financial assets.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company’s incremental borrowing rate. The incremental borrowing rate is the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU asset in a similar economic environment with similar terms, security and conditions.

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

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

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

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in the statement of comprehensive income if the carrying amount of the ROU asset has been reduced to zero.

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

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

Leases (continued)

Short-term leases and leases of low-value assets

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

5. 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

No critical accounting estimates and assumptions have been made by managment in the preparation of these condensed interim financial statements. No accounting estimates and assumptions have been identified for which there is a significant risk of a material misstatement within the next financial year.

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>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).
- 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 30 June 2024, potential future cash outflows of €1,678,820 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.

<u>Impairment of football broadcasting rights:</u>

The Company assesses at each reporting date whether there are events or conditions that an asset might be impaired. Management's impairment assessment has not identified such a factor for the period ended 30 June 2024. Nevertheless, management performs a calculation of the assets' recoverable amount which has been determined based on the management's projected cash flow calculations and on judgment and certain key assumptions.

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

As at the reporting date, the Company's management has concluded that no impairment charge is required for the Company's broadcasting football rights. A change in the number of subscribers either by 1%, or 5%, or 15%, all changes taken in isolation, will not result in an impairment charge.

Assessment of the ability of the Company to continue as a going concern:

The Company's management, after considering and evaluating all relevant conditions and factors stated in Note 3 above, and based on the projected cash flows for the 5-year period 2024-2028 and the proved continuous financial support from the majority shareholder, GO plc, considers that 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 condensed interim financial statements are approved by the Board of Directors.

Share-based compensation expenses:

As described in Note 2(d) above and in Note 4 of the Audited Financial Statements for the year ended 31 December 2023, the Company has corrected a prior period error by restating its financial statements for a cash-settled share-based expense transaction with the Company's CEO. The critical accounting judgements made by management involved in this transaction were the following:

As per the contract, the CEO can opt to sell back the entirety of the shares to the Company using a predetermined formula based on financial information for 2022. The formula included in the contract includes an element referred to as 'net debt' which is defind as 'all interest-bearing debt' but makes no specific reference to whether lease liabilities are included in this term. For purposes of the calculation of the liability to the CEO as part of the award/allotment, the Company's interpretation of such debt included lease liabilities. In the event that lease liabilities are excluded from the calculation, the liability to the CEO would increase by €213,577 as at 30 June 2024 and €205,363 as at 31 December 2023. The reported losses for the period ended 30 June 2024 and 30 June 2023 would increase by €8,215 and €7,606 respectively.

6. Segmental reporting

The Company determines and presents operating segments based on the information that is provided internally 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.

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

(a) Movement during the period

The decrease in Property, plant and equipment by €370,397 during the six-month period ended 30 June 2024, is mainly driven by a) additions of €4,425,394 and b) depreciation of €4,795,791. The additions mainly relate to Network and Customer Equipment.

The decrease in Right-of-use assets by €1,164,213 during the six-month period ended 30 June 2024, is mainly driven by a) additions of €297,568 and b) depreciation of €1,461,781. The additions relate to Operating and Motor Vehicles leases.

The decrease in Intangible Assets by €2,485,968 during the six-month period ended 30 June 2024, is mainly driven by a) additions of €887,082 and b) amortization of €3,373,050. The additions relate to Software, IP addresses and International Capacity.

7. Property, plant and equipment - Right-of-use assets - Intangible assets (continued)

(b) Capital commitments

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

	As at 30 June 2024 Unaudited €	As at 31 December 2023 Audited €
Contracted for:		
Property, plant and equipment	1,800,026	2,641,654
Intangible assets	2,172,851	510,518
	3,972,877	**3,152,172**

8. Contingent liabilities

As at 30 June 2024 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 €5,495,992 (31 December 2023: €6,456,742).

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

	As at 30 June 2024 Unaudited €	As at 31 December 2023 Audited €
Within one year	3,502,597	4,446,361
Between one and five years	1,993,395	2,010,381
	5,495,992	**6,456,742**

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

Furthermore, as stated in the 2023 Audited Financial Statements, the Company granted Guarantees to a third party, Velister Ltd, securing Velister Ltd bank loans and overdraft. The balance of these guarantees as at 30 June 2024 amounts to €1,206,606 (31 December 2023: €1,206,606).

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

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

The Company had no other contingent liabilities as at 30 June 2024.

9. Related party transactions

(a) Parent and ultimate controlling party

The Company is directly controlled by GO plc, incorporated in Malta, which owns the 70.22% (2023: 70.22%) of the Company's shares. GO Ventures Ltd, Mr. Ayrton Caruana, Mr. Reuben Attard, Mr. Kelvin Camenzuli and Mr. Yiannos Michaelides hold 1 share each. The remaining shares are held by Mr. Nicolas Shiacolas.

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).

(b) Related party transactions

Consistent with the disclosures in the audited financial statements for the year ended 31 December 2023, the Company has related party relationships with i) the controlling entity, GO plc, in Malta and ii) one of the Company's remaining shareholders, Mr. Nicolas Shiacolas, a legal entity associated with Mr. Shiacolas and a close member of his family, who is also one of the Company's Directors.

The following transactions were carried out with related parties:

9.1 Receivables from related parties

Name	Nature of transactions	As at 30 June 2024 Unaudited €	As at 31 December 2023 Audited €
C.N. Shiacolas (Investments) Ltd	Trade	-	30,318
		-	**30,318**

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

9.2 Payables to related parties

Name	Nature of transactions	As at 30 June 2024 Unaudited €	As at 31 December 2023 Audited €
GO plc	Dividends	2,848,546	2,848,546
Nicolas Shiacolas	Finance	129,969	129,969
Nicolas Shiacolas	Dividends	2,046,637	2,046,637
Menelaos Shiacolas (Director and close family member of Nicolas Shiacolas)	Finance	131,464	133,131
GO plc	Management fees	10,749	-
GO plc	Trade	6,901,545	6,690,755
GO plc	Finance	10,713,868	9,582,606
C.N. Shiacolas (Investments) Ltd	Trade	20,518	-
		22,803,296	**21,431,644**

The payables to related parties are interest free, and have no specified repayment date.

On 13 May 2024, the Company signed an agreement with GO plc to obtain a loan of €2.9 million. On 17 May 2024 the first disbursement of €1 million has been effected. On 5 July 2024 the second and final disbursement of €1.9 million has been effected. The loan bears interest at the rate of 6% per annum during the first year anniversary from the date of first draw down of the loan and 8% per annum for the remainder of the term of the loan. The Borrower shall fully repay the amounts drawn under the Loan, together with any accrued interest on the outstanding amounts on the earliest of the following occurring:

9. Related party transactions (continued)

- the date on which the Borrower draws down funds under a loan agreement concluded between the Borrower as borrower and any natural or legal person (other than the Lender) as lender; or
- the completion of the transfer by the Borrower to the Lender of any asset or assets (including any real estate asset (or any fixtures thereon)), as may be agreed between the Parties, on terms where they may be leased back to the Borrower; or
- the date falling 3 years from the date of signing of this Agreement.

The Company is obliged to pay only the interest portion on the loan on a quarterly basis with the first interest payment due on 17 August 2024. The Company's management considers that the loan's maturity date will be the date falling 3 years from the date of signing of this Agreement, i.e. on 13 May 2027.

For the share based compensation related party transaction, please refer to Note 2(d).

10. Cash and cash equivalents

Cash balances are analysed as follows:

	As at 30 June 2024 Unaudited €	As at 31 December 2023 Audited €
Cash in hand	97,244	98,861
Cash at bank	1,263,683	717,172
	1,360,927	**816,033**

In addition to the cash and cash equivalents presented above, the Company's restricted bank deposits as at 30 June 2024 were €1,673,512 (31 December 2023: €2,044,775). This amount represents the cash collateral of Good Payment Letters of Guarantee in favour of a) the Director of the Department of Electronic Communications, relating to 4G and 5G radio spectrum frequencies with expiry dates of 15 June 2025 and 20 July 2026 respectively and b) CYTA, relating to the RAN Sharing agreement signed with CYTA in May 2021 expiring on 15 June 2025. As the payments to the Department of Electronic Communications continue on an annual basis, further reductions in the restricted deposits are expected in the future.

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

	As at 30 June 2024 Unaudited €	As at 31 December 2023 Audited €
Cash at bank and in hand	1,360,927	816,033
Bank overdrafts	(2,743,790)	(2,261,272)
	(1,382,863)	**(1,445,239)**

11. Revenue

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

	Six months ended 30 June 2024 Unaudited €	Six months ended 30 June 2023 Unaudited (restated) €
Telecommunication services	31,099,086	29,238,433
Sales of goods	105,911	216,923
Football broadcasting rights related revenue	3,768,556	3,649,903
Sales of mobile devices	1,313,013	4,267,893
	36,286,566	**37,373,152**

12. Events after the reporting period

Regarding the evolution of the trilateral sports content agreement that expired July 31, 2024, the Company has reached an agreement in principle with CYTA, as the two remaining telecom operators owning exclusive sports broadcasting rights, for each operator’s content to continue being made available to the other’s TV platform, until 31 July 2025. There is also an agreement in principle with Primetel, for Cablenet's sports rights to be available to Primetel's customers as well.

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

CABLENET COMMUNICATION SYSTEMS PLC

Statement Pursuant to Capital Market Rules 5.75.3
Period from 1 January 2024 to 30 June 2024

I hereby confirm that to the best of my knowledge:

- the condensed interim financial statements give a true and fair view of the financial position of the Company as at 30 June 2024, and of its financial performance and cash flows for the six-month period then ended in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (International Accounting Standard 34, "Interim Financial Reporting" and the requirements of the Cyprus Companies Law, Cap. 113);

- the Interim Directors' report includes a fair review of the information required in terms of Capital Market Rules 5.81 to 5.84.

DocuSigned by:
Nikhil Patil
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Nikhil Prakash Patil

Chairman of the Board

5 August 2024

Independent review report to the directors of Cablenet Communication Systems PLC

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Cablenet Communication Systems PLC as at 30 June 2024 and the related condensed interim statements of comprehensive income, changes in equity and cash flows for the six-month period then ended and other explanatory notes. Management is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with International Accounting Standard 34, 'Interim financial reporting', as adopted by the European Union. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of review

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

Conclusion

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

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

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

Nicosia, 5 August 2024

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