3RD QUARTER 2021 – FINANCIAL REPORT

for the three month period ended September 30, 2021

DIGI COMMUNICATIONS N.V. (“Digi”)

(the “COMPANY”)

(Digi, together with its direct and indirect consolidated subsidiaries are referred to as the “**Group**”)

FINANCIAL REPORT (the “REPORT”)
for the three month period ended September 30, 2021

This Unaudited Condensed Consolidated Interim Financial Report for the period ended 30 September 2021 refers to the Unaudited Condensed Consolidated Interim Financial Statements prepared in accordance with IAS 34 “Interim Financial Reporting”.

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Important Information

Cautionary Note Regarding Forward-Looking Statements

Certain statements in this Report are not historical facts and are forward-looking. Forward-looking statements include statements concerning our plans, expectations, projections, objectives, targets, goals, strategies, future events, future operating revenues or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, our competitive strengths and weaknesses, our business strategy, and the trends we anticipate in the industries and the political and legal environments in which we operate and other information that is not historical information.

Words such as "believe," "anticipate," "estimate," "target," "potential," "expect," "intend," "predict," "project," "could," "should," "may," "will," "plan," "aim," "seek" and similar expressions are intended to identify forward-looking statements, but are not the exclusive means of identifying such statements.

The forward-looking statements contained in this Report are largely based on our expectations, which reflect estimates and assumptions made by our management. These estimates and assumptions reflect our best judgment based on currently known market conditions and other factors, some of which are discussed below. Although we believe such estimates and assumptions to be reasonable, they are inherently uncertain and involve a number of risks and uncertainties that are beyond our control. In addition, management's assumptions about future events may prove to be inaccurate. We caution all readers that the forward-looking statements contained in this report are not guarantees of future performance, and we cannot assure any reader that such statements will be realized or the forward-looking events and circumstances will occur.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, many of which are beyond our control, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. You should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include, without limitation, various risks related to our business, risks related to regulatory matters and litigation, risks related to investments in emerging markets, risks related to our financial position as well as risks related to the notes and the related guarantee.

Any forward-looking statements are only made as of the date of this Report. Accordingly, we do not intend, and do not undertake any obligation, to update forward-looking statements set forth in this Report. You should interpret all subsequent written or oral forward-looking statements attributable to us or to persons acting on our behalf as being qualified by the cautionary statements in this Report. As a result, you should not place undue reliance on such forward-looking statements.

Operating and Market Data

Throughout this Report, we refer to persons who subscribe to one or more of our services as customers. We use the term revenue generating unit ("RGU") to designate a subscriber account of a customer in relation to one of our services. We measure RGUs at the end of each relevant period. An individual customer may represent one or several RGUs depending on the number of our services to which it subscribes.

More specifically:

- for our cable TV and DTH services, we count each basic package that we invoice to a customer as an RGU, without counting separately the premium add-on packages that a customer may subscribe for;
- for our fixed internet and data services, we consider each subscription package to be a single RGU;
- for our fixed-line telephony services, we consider each phone line that we invoice to be a separate RGU, so that a customer will represent more than one RGU if it has subscribed for more than one phone line; and
- for our mobile telecommunication services we consider the following to be a separate RGU: (a) for pre-paid services, each mobile voice and mobile data SIM with active traffic in the last month of the relevant period, except for Romania where pre-paid RGUs are not included due to low usage and small number of users; and (b) for post-paid services, each separate SIM on a valid contract.

As our definition of RGUs is different for our different business lines, you should use caution when comparing RGUs between our different business lines. In addition, since RGUs can be defined differently by different companies within our industry, you should use caution in comparing our RGU figures to those of our competitors.

We use the term average revenue per unit ("ARPU") to refer to the average revenue per RGU in a geographic segment or the Group as a whole, for a period by dividing the total revenue of such geographic segment, or the Group, for such period, (a) if such period is a calendar month, by the total number of RGUs invoiced for services in that calendar month; or (b) if such period is longer than a calendar month, by (i) the average number of relevant RGUs invoiced for services in that period and (ii) the number of calendar months in that period. In our ARPU calculations we do not differentiate between various types of subscription packages or the number and nature of services an individual customer subscribes for. Because we calculate ARPU differently from some of our competitors, you should use caution when comparing our ARPU figures with those of other telecommunications companies.

In this Report RGUs and ARPU numbers presented under the heading "Other" are the RGUs and ARPU numbers of our Italian subsidiary.

Non-Gaap Financial Measures

In this report, we present certain financial measures that are not defined in and, thus, not calculated in accordance with IFRS, U.S. GAAP or generally accepted accounting principles in any other relevant jurisdiction. This includes EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin (each as defined below). Because these measures are not standardized, companies can define and calculate these measures differently, and therefore we urge you not to use them as a basis for comparing our results with those of other companies.

We calculate EBITDA by adding back to our consolidated operating profit or loss charges for depreciation, amortization and impairment of assets. Adjusted EBITDA is EBITDA adjusted for the effect of non-recurring and one-off items, as well as mark-to-market results (unrealised) from fair value assessment of energy trading contracts. Adjusted EBITDA Margin is the ratio of Adjusted EBITDA to the sum of our total revenue and other operating income (other than mark-to-market gain/(loss) from fair value assessment of energy trading contracts). EBITDA, Adjusted EBITDA or Adjusted EBITDA Margin under our definition may not be comparable to similar measures presented by other companies and labelled "EBITDA", "Adjusted EBITDA" or "Adjusted EBITDA Margin," respectively. We believe that EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin are useful analytical tools for presenting a normalized measure of cash flows that disregards temporary fluctuations in working capital, including due to fluctuations in inventory levels and due to timing of payments received or payments made. Since operating profit and actual cash flows for a given period can differ significantly from this normalized measure, we urge you to consider these figures for any period together with our data for cash flows from operations and other cash flow data and our operating profit. You should not consider EBITDA, Adjusted EBITDA or Adjusted EBITDA Margin as substitutes for operating profit or cash flows from operating activities.

In Note 3 to the Interim Financial Statements, as part of our "Other" segment we reported EBITDA of (i) our Italian operations, together with operating expenses of Digi. In this Report, EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin represent the results of our Romanian, Hungarian, Spanish and Italian subsidiaries and operating expenses of Digi.

Rounding

Certain amounts that appear in this Report have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of the financial condition and results of operations of the Group should be read in conjunction with the unaudited interim condensed consolidated financial statements of the Group as of September 30, 2021.
The following discussion includes forward-looking statements based on assumptions about our future business. Our actual results could differ materially from those contained in these forward-looking statements as a result of many factors, including but not limited to those described in sections captioned "Forward-Looking Statements" of this Report.

Overview

We are a European leader in geographically-focused telecommunication solutions, based on the number of RGUs (*Source: Group and peer reporting*). We are a leading provider of telecommunication services in our core Romanian and Hungarian markets, have significant operations in Spain and are also present in Italy.

- Romania. Our offerings in Romania include cable TV, fixed internet and data, mobile telecommunication services, fixed-line telephony and DTH.
- Spain. We provide mobile telecommunication services as an MVNO through the mobile network of Telefónica. We also offer fixed internet and data and fixed-line telephony services through Telefónica's fixed network and through our own GPON FTTH network.
- Hungary. We provide cable TV, fixed internet and data, mobile telecommunication services, fixed-line telephony and DTH services in Hungary.
- Italy. We provide mobile telecommunication services as an MVNO through the mobile network of Vodafone. Our service offerings in Italy primarily target the large local Romanian community.

For the three months ended September 30, 2021, we had revenues of €368.4 million, net loss of €8.7 million and Adjusted EBITDA of €135.7 million (€114.3 million excluding the impact of applying lease accounting as per IFRS 16).

Recent Developments

On October, 27, 2021, the Portuguese Authority for Telecommunications (ANACOM) finalised the auction which began on December 22, 2020, for the allocation of the frequency user rights in the 700 MHz, 900 MHz, 1800 MHz, 2.1 GHz, 2.6 GHz and 3.6 GHz bands. ANACOM designated the Group's Portuguese subsidiary, Dixarobil Telecom, Sociedade Unipessoal, Lda. (Dixarobil) as winner of the frequency user rights in the 900 MHz (2x5 MHz), 1800 MHz (2x5 MHz), 2.6 GHz (2x5 MHz FDD and 25 MHz TDD), 3.6 GHz (40MHz) bands. The total price of the frequency user rights is EUR 67.34 million.

For details regarding the up-date of the litigations, please see Note 17 (c) from the Interim Consolidated Condensed Financial Statements as at September, 30 2021.

Basis of Financial Presentation

The Group prepared its Interim Financial Statements as of September 30, 2021 in accordance with IFRS as adopted by the EU. For the periods discussed in this Report, the Group's presentation currency was the euro. The Group's financial year ends on December 31 of each calendar year.

Functional Currencies and Presentation Currency

Each Group entity prepares individual financial statements in its functional currency, which is the currency of the primary economic environment in which such entity operates. As our operations in Romania and Spain generated approximately 59% and 26%, respectively, of our consolidated revenue for the three months ended September 30, 2021 our principal functional currencies are the Romanian leu and EUR.
The Group presents its consolidated Interim Financial Statements in euros. The Group uses the euro as the presentation currency of its consolidated Interim Financial Statements because management analysis and reporting is prepared in euros, as the euro is the most used reference currency in the telecommunication industry in the European Union.

Presentation of Revenue and Operating Expenses

Our Board of Directors evaluates business and market opportunities and considers our results primarily on a country by country basis. We currently generate revenue and incur operating expenses in Romania, Spain, Hungary, and Italy. Revenue and operating expenses from our operations are broken down into the following geographic segments: Romania, Spain, Hungary and Other (the Other segment includes Italy).
In line with our management's consideration of the Group's revenue generation we further break down revenue generated by each of our four geographic segments in accordance with our five principal business lines: (1) cable TV; (2) fixed internet and data; (3) mobile telecommunication services; (4) fixed-line telephony; and (5) DTH.

Exchange rates

In the three month period ended September 30, 2021 the Romanian leu has depreciated with approximately 1.8%

and the Hungarian forint was stable, with a minor variation of approximately 0.1%.
The following table sets out, where applicable, the period end and average exchange rates for the periods under review of the euro against each of our principal functional currencies and the U.S. dollar, in each case as reported by the relevant central bank on its website (unless otherwise stated):

Value of one euro in the relevant currency	**As at and for the three months ended September 30,**		**As at and for the nine months ended September 30,**	
	2020	**2021**	**2020**	**2021**
Romanian leu (RON) (1)				
Period end rate	4.87	4.95	4.87	4.95
Average rate	4.84	4.93	4.83	4.91
Hungarian forint (HUF)(2)				
Period end rate	364.65	360.52	364.65	360.52
Average rate	353.47	353.86	348.03	356.58
U.S. dollar (USD)(1)				
Period end rate	1.17	1.16	1.17	1.16
Average rate	1.17	1.18	1.12	1.20

(1) *According to the exchange rates published by the National Bank of Romania.*
(2) According to the exchange rates published by the Central Bank of Hungary.

In the three months ended September 30, 2021, we had a net foreign exchange loss (which is recognized in net finance result on our statement of comprehensive income) of €11.0 million. In the three months ended September 30, 2020, we had a net foreign exchange loss of €6.4 million.

In the nine months ended September 30, 2021, we had a net foreign exchange loss (which is recognized in net finance results on our statement of comprehensive income) of €11.7 million. In the nine months ended September 30, 2020 we had a net foreign exchange loss of €37.7 million.

Growth in Business, RGUs and ARPU

Our revenue is mostly a function of the number of our RGUs and ARPU. Neither of these terms is a measure of financial performance under IFRS, nor have these measures been reviewed by an outside auditor, consultant or expert. Each of these measures is derived from management estimates. As defined by our management, these terms may not be comparable to similar terms used by other companies.

The following table shows our RGUs (thousand) by geographic segment and business line and monthly ARPU (€/month) by geographic segment as at and for the three month period ended September 30, 2020 and 2021:

RGUs (thousand)/ARPU (€/month)	As at and for the three months ended September 30,		% change
	2020	**2021**	
Romania			
RGUs			
Pay TV(1)	4,639	5,056	9.0%
Fixed internet and data(2)	3,172	3,662	15.4%
Mobile telecommunication services(3)	3,599	4,035	12.1%
Fixed-line telephony(2)	1,064	999	(6.1%)
ARPU(4)	**4.8**	**4.8**	**0.0%**
Hungary			
RGUs			
Pay TV(1)	938	917	(2.2%)
Fixed internet and data	742	740	(0.3%)
Mobile telecommunication services(3)	164	187	14.0%
Fixed-line telephony	649	626	(3.5%)
ARPU(4)	**5.9**	**6.1**	**3.4%**
Spain			
RGUs			
Fixed internet and data	168	393	133.9%
Mobile telecommunication services(3)	2,211	2,795	26.4%
Fixed-line telephony	60	135.0	125.0%
ARPU(4)	**10.1**	**9.8**	**(3.0%)**
Other(5)			
RGUs			
Mobile telecommunication services(3)	253	312	23.3%
ARPU(4)	**7.6**	**6.8**	**(10.5%)**

(1) Includes RGUs for Cable television and DTH services.
(2) Includes residential and business RGUs.
(3) Includes mobile telephony and mobile internet and data RGUs.
(4) ARPU refers to the average revenue per RGU in a geographic segment or the Group as a whole, for a period by dividing the total revenue of such geographic segment, or the Group, for such period.
(5) Includes Italy.

Historical Results of Operations

Results of Operations for the three and nine months ended September 30, 2020 and 2021

	As at and for the three months ended September 30,		As at and for the nine months ended September 30,	
	2020	2021	2020	2021
(€ millions)				
Revenues				
Romania	202.3	219.3	584.0	644.8
Hungary	48.8	50.0	151.6	146.8
Spain	71.7	94.9	200.1	257.8
Other	5.8	6.3	17.9	17.9
Elimination of intersegment revenues	(1.0)	(2.0)	(3.1)	(4.0)
Total revenues	**327.6**	**368.4**	**950.6**	**1,063.2**
Other income	**-**	**-**	**1.2**	**0.0**
Other expenses	**(0.3)**	**(0.03)**	**(3.5)**	**(0.3)**
Operating expenses				
Romania	(108.2)	(113.7)	(311.9)	(334.8)
Hungary	(35.1)	(34.3)	(111.3)	(106.9)
Spain	(55.9)	(79.7)	(158.3)	(218.4)
Other	(6.3)	(7.0)	(19.3)	(20.2)
Elimination of intersegment expenses	1.0	2.0	3.1	4.0
Depreciation, amortization and impairment of tangible and intangible assets	(74.8)	(96.1)	(227.9)	(278.0)
Total operating expenses	**(279.3)**	**(328.8)**	**(825.5)**	**(954.3)**
Operating profit	**47.9**	**39.6**	**122.7**	**108.6**
Finance income	0.01	0.02	5.5	0.2
Finance expense	(20.0)	(28.4)	(135.8)	(56.0)
Net finance costs	**(20.0)**	**(28.4)**	**(130.3)**	**(55.8)**
Profit/(loss) before taxation	**28.0**	**11.2**	**(7.6)**	**52.8**
Income tax expense	(10.5)	(19.9)	(16.0)	(13.2)
Profit/(loss) for the period	**17.5**	**(8.7)**	**(23.5)**	**39.7**

Revenue

Our revenue (excluding intersegment revenue and other income) for the three month period ended September 30, 2021 was €368.4 million, compared with €327.6 million for the three month period ended September 30, 2020, an increase of 12.5%.
Our revenue (excluding intersegment revenue and other income) for the nine month period ended September 30, 2021 was €1,063.2 million, compared with €950.6 million for the nine month period ended September 30, 2020, an increase of 11.8%.

The following table shows the distribution of revenue by geographic segment and business line for the three and nine month period ended September 30, 2020 and 2021:

	As at and for the three months ended September 30,			As at and for the nine months ended September 30,		
	2020	**2021**	**% change**	**2020**	**2021**	**% change**
(€ millions)						
Geographical segment						
Romania	201.6	217.6	7.9%	581.8	641.5	10.3%
Hungary	48.8	50.0	2.5%	151.6	146.8	(3.2)%
Spain	71.5	94.7	32.4%	199.6	257.3	28.9%
Other[(1)]	5.7	6.2	8.8%	17.6	17.7	0.6%
Total	**327.6**	**368.4**	**12.5%**	**950.6**	**1,063.2**	**11.8%**

Category						
Fixed services [(2)]	182.3	200.4	9.9%	530.1	583.7	10.1%
Mobile services	116.9	139.6	19.4%	341.6	397.0	16.2%
Other	28.3	28.4	0.1%	79.0	82.6	4.5%
Total	**327.6**	**368.4**	**12.5%**	**950.6**	**1,063.2**	**11.8%**

(1) Includes revenue from operations in Italy.
(2) Includes revenues from DTH operations.

Revenue in Romania for the three month period ended September 30, 2021 was €217.6 million compared with €201.6 million for the three month period ended September 30, 2020, an increase of 7.9%.

Revenue growth in Romania was mainly the result of the increase of fixed internet and data and mobile RGUs in the period, achieved in majority from organic growth. ARPU was flat during this period.
Our Pay TV (Cable TV and DTH) RGUs increased from approximately 4,639 thousand as at September 30, 2020 to approximately 5,056 thousand as at September 30, 2021, an increase of approximately 9.0%, and our fixed internet and data RGUs increased from approximately 3,172 thousand as at September 30, 2020 to approximately 3,662 thousand as at September 30, 2021, an increase of approximately 15.4%.
Mobile telecommunication services RGUs increased from approximately 3,599 thousand as at September 30, 2020 to approximately 4,035 thousand as at September 30, 2021, an increase of approximately 12.1%.
Fixed-line telephony RGUs decreased from approximately 1,064 thousand as at September 30, 2020 to approximately 999 thousand as at September 30, 2021, a decrease of approximately 6.1%.

Revenue in Hungary for the three month period ended September 30, 2021 was €50.0 million, compared with €48.8 million for the three month period ended September 30, 2020, an increase of 2.5%.
The increase is mainly due to the commercial launch of mobile subscriptions at the beginning of 2021 which generate additional revenues.
Our Pay TV (Cable TV and DTH) RGUs decreased from approximately 938 thousand as at September 30, 2020 to approximately 917 thousand as at September 30, 2021, a decrease of approximately 2.2%, our fixed internet and data RGUs decreased from approximately 742 thousand as at September 30, 2020 to approximately 740 thousand as at September 30, 2021, a decrease of approximately 0.3%, and our fixed-line telephony RGUs decreased from approximately 649 thousand as at September 30, 2020 to approximately 626 thousand as at September 30, 2021, a decrease of approximately 3.5%.
Our mobile RGUs increased from 164 thousand as at September 30, 2020 to 187 thousand as at September 30, 2021, an increase of 14.0%.

Revenue in Spain for the three month period ended September 30, 2021 was €94.7 million, compared with €71.5 million for the three month period ended September 30, 2020, an increase of 32.4%. The increase in our Spain revenue was due to the increase in mobile telecommunication services RGUs from approximately 2,211 thousand as at September 30, 2020 to approximately 2,795 thousand as at September 30, 2021, an increase of approximately 26.4%, primarily due to new customer acquisitions as a result of more attractive and affordable mobile and data offerings, as well as the roll out of the fixed services. As at September 30, 2021 we had 393 thousand fixed internet and data RGUs and 135 thousand fixed line telephony RGUs, an increase of 133.9% and 125.0% compared to September 30, 2020.

Revenue in Other represented revenue from our operations in Italy and for the three month period ended September 30, 2021 was €6.2 million, compared with €5.7 million for the three month period ended September 30, 2020. Our mobile telecommunication services RGUs increased from approximately 253 thousand as at September 30, 2020 to approximately 312 thousand as at September 30, 2021, an increase of approximately 23.3%, primarily due to new customer acquisitions as a result of more attractive mobile and data offerings. ARPU decreased because of the significant increases of mobile data allowances included in our packages with little additional cost to customers.

Total operating expenses

Our total operating expenses (excluding intersegment expenses and other expenses, but including depreciation, amortization and impairment) for the three period ended September 30, 2021 were €328.8 million, compared with €279.3 million for the three month period ended September 30, 2020, an increase of 17.7%.

Our total operating expenses (excluding intersegment expenses and other expenses, but including depreciation, amortization and impairment) for the nine months ended September 30, 2021 were €954.3 million compared with €825.5 million for the nine months ended September 30, 2020, an increase of 15.6%.

The following table shows the distribution of total operating expenses by geographic segment for the three and nine month period ended September 30, 2020 and 2021:

	As at and for the three months ended September 30,		As at and for the nine months ended September 30,	
	2020	**2021**	**2020**	**2021**
(€ millions)				
Romania	107.9	113.4	311.1	334.1
Hungary	35.1	34.3	111.2	106.9
Spain	55.4	78.5	156.6	215.9
Other(1)	6.1	6.4	18.7	19.3
Depreciation, amortization and impairment of tangible and intangible assets	74.8	96.1	227.9	278.0
Total operating expenses	**279.3**	**328.8**	**825.5**	**954.3**

(1) *Includes operating expenses of operations in Italy and operating expenses of Digi.*

Operating expenses in Romania for three month period ended September 30, 2021 were €113.4 million, compared with €107.9 million for the three month period ended September 30, 2020, an increase of 5.1%.
During the third quarter 2021, mainly utilities and network maintenance expenses increased.

In general increases of operating expenses are in line with the growth of the business.

Operating expenses in Hungary for the three month period ended September 30, 2021 were €34.3 million, compared with €35.1 million for the three month period ended September 30, 2020, a decrease of 2.3%. The variation is mainly due to increase of salaries offset by the decrease in bad debt allowance for the period, due to a better cash collection management.

Operating expenses in Spain for the three month period ended September 30, 2021 were €78.5 million, compared with €55.4 million for the three month period ended September 30, 2020, an increase of 41.7%. The increase is mainly due to interconnection and salaries expenses as a result of the business development.

In general increases of operating expenses are in line with the significant business development.

Operating expenses in Other represented expenses of our operations in Italy and expenses of Digi for the three month period ended September 30, 2021 were €6.4 million, compared with €6.1 million for the three month period ended September 30, 2020, an increase of 4.9%.

Depreciation, amortization and impairment of tangible and intangible assets

The table below sets out information on depreciation, amortization and impairment of our tangible and intangible assets for the three and nine month period ended September 30, 2020 and 2021.

	As at and for the three months ended September 30,		As at and for the nine months ended September 30	
	2020	**2021**	**2020**	**2021**
(€ millions)				
Depreciation of property, plant and equipment	36.3	43.1	107.0	123.9
Amortization of non-current intangible assets	15.6	20.9	47.8	58.5
Amortisation of programme assets	15.3	5.2	30.5	27.0
Amortization of right of use assets	7.2	24.8	41.5	62.3
Impairment of property, plant and equipment	0.4	2.0	1.1	6.2
Total	**74.8**	**96.1**	**227.9**	**278.0**

Depreciation of property, plant and equipment

Depreciation of property, plant and equipment was €43.1 million for the three month period ended September 30, 2021, compared with €36.3 million for the three month period ended September 30, 2020, an increase of 18.7%. This variation is the result of our continuing development of networks and higher gross book value of assets following the revaluation performed at the end of FY 2020.

Amortization of non-current intangible assets

Amortization of non-current intangible assets was €20.9 million for the three month period ended September 30, 2021, compared with €15.6 million for the three month period ended September 30, 2020, an increase of 34.0%. This was due to increase in subscriber acquisition cost and to customer relationship amortization charge in the period.

Amortization of program assets

Amortization of program assets was €5.2 million for the three month period ended September 30, 2021, compared with €15.3 million for the three month period ended September 30, 2020, a decrease of 66.0%. Certain sports competitions, which were postponed due to the restrictions imposed by the pandemic last year, were broadcasted (and amortized) in Q3 2020, which led to a higher increase in charge during that period.

Amortization of right of use

Amortization of right of use from leases for the three months period ended September 30, 2021 was €24.8 million, compared to €7.2 million for the three months period ended September 30, 2020. Modifications of lease contracts' stipulations for certain contracts during the period led to variations in charge for the period.

Other expenses

For the period of three months ended September 30, 2021 we recorded other expenses of €0.03 million related to the share option plans which are estimated to be one off events.

For the period of three months ended September 30, 2020 we recorded other expenses of €0.32 million related to the share option plans which are estimated to be one off events.

Operating profit

For the reasons set forth above, our operating profit was €39.6 million for the three month period ended September 30, 2021, compared with €47.9 million for the three month period ended September 30, 2020.

Net finance expense

We recognized net finance expense of €28.4 million in the three month period ended September 30, 2021, compared with €20.0 million for the three month period ended September 30, 2020, an increase of 42.3%.

The net loss from foreign exchange in amount of €11.0 million in the three months period ended September 30, 2021 (compared to a foreign exchange loss of €6.4 million from previous period), as well as the impact of the fair value loss of the embedded derivative asset valuation as at September 30, 2021, have contributed to the increase of the net finance loss.

Profit before taxation

For the reasons set forth above, our profit before taxation was €11.2 million in the three month period ended September 30, 2021, compared with profit before taxation of €28.0 million for the three month period ended September 30, 2020.

Income tax expense

An income tax expense of €19.9 million was recognized in the three month period ended September 30, 2021, compared to a tax expense of €10.5 million recognized in the three month period ended September 30, 2020.

Net profit/(loss) for the period

For the reasons set forth above, our net loss was €8.7 million in the three month period ended September 30, 2021, compared with net profit of €17.5 million for the three month ended September 30, 2020.

Liquidity and Capital Resources

Historically, our principal sources of liquidity have been our operating cash flows as well as debt financing. Going forward, we expect to fund our cash obligations and capital expenditures primarily out of our operating cash flows, credit facilities and letter of guarantee facilities. We believe that our operating cash flows will continue to allow us to maintain a flexible capital expenditure policy.
All of our businesses have historically produced positive operating cash flows that are relatively constant from month to month. Variations in our aggregate cash flow during the periods under review principally represented increased or decreased cash flow used in investing activities and cash flow from financing activities.
We have made and intend to continue to make significant investments in the growth of our businesses by expanding our mobile telecommunication network and our fixed fiber optic networks, acquiring new and renewing existing content rights, procuring CPE which we provide to our customers and exploring other investment opportunities on an opportunistic basis in line with our current business model. We believe that we will be able to continue to meet our cash flow needs by the acceleration or deceleration of our growth and expansion plans.

Historical cash flows

The following table sets forth our consolidated cash flows from operating activities for the three and nine month period ended September 30, 2020 and 2021, cash flows used in investing activities and cash flows from/(used in) financing activities.

	As at and for the three months ended September 30,		As at and for the nine months ended September 30,	
	2020	**2021**	**2020**	**2021**
(€ millions)				
Cash flows from operations before working capital changes	**113.8**	**137.9**	**342.4**	**384.6**
Cash flows from changes in working capital	(9.0)	(32.2)	(38.7)	(13.1)
Cash flows from operations	**104.7**	**105.7**	**303.7**	**371.5**
Interest paid	(13.9)	(16.6)	(34.5)	(37.2)
Income tax paid	(1.3)	(5.3)	(5.1)	(11.2)
Cash flow from operating activities	**89.6**	**83.9**	**264.1**	**323.2**
Cash flow used in investing activities	**(99.3)**	**(110.9)**	**(270.6)**	**(332.1)**
Cash flows from /(used in) financing activities	**(15.1)**	**53.6**	**57.9**	**41.7**
Net decrease in cash and cash equivalents	(24.9)	26.5	51.3	32.7
Cash and cash equivalents at the beginning of the period	87.2	16.8	11.0	10.6
Effect of exchange rate fluctuation on cash and cash equivalent held	0.0	0.0	0.0	0.0
Cash and cash equivalents at the closing of the period	**62.3**	**43.3**	**62.3**	**43.3**

Cash flows from operations before working capital changes were €137.9 million in the three month period ended September 30, 2021 and €113.8 million in the three month period ended September 30, 2020 for the reasons discussed in "*—Historical Results of Operations—Results of operations for the three month period ended September 30, 2021 and 2020*".

The following table shows changes in our working capital:

	For the three months ended September 30,		For the nine months ended September 30,	
	2020	**2021**	**2020**	**2021**
(€ millions)				
(Increase) in trade receivables and other assets	(14.9)	(27.0)	(48.3)	(37.6)
Decrease/(increase) in inventories	(2.4)	(6.6)	0.8	(7.7)
Increase/(decrease) in trade payables and other current liabilities	6.2	(6.7)	5.8	19.4
Increase/(decrease) in contract liabilities	2.1	8.2	2.9	12.8
Total	**(9.0)**	**(32.2)**	**(38.7)**	**(13.1)**

We had a working capital requirement of €13.1 million in the three month period ended September 30, 2021 (compared with a working capital requirement of €9.0 million in the three month period ended September 30, 2020).

Cash flows from operating activities were €83.9 million in the three month period ended September 30, 2021 and €89.6 million in the three month period ended September 30, 2020. Included in these amounts are deductions for interest paid and income tax paid. Income tax paid which were €5.3 million in the three months ended September 30, 2021 and €1.3 million in the three months ended September 30, 2020. Interest paid was €16.6 million in the three months ended September 30, 2021, compared with €13.9 million in the three months ended September 30, 2020. The increase in cash flows from operating activities in the three months ended September 30, 2021 was primarily due to changes in working capital discussed above.

Cash flows used for investing activities were €110.9 million in the three month period ended September 30, 2021 and €99.3 million in the three month period ended September 30, 2020.
Purchases of property, plant and equipment were €62.2 million in the three months ended September 30, 2021 and €82.7 million in the three months ended September 30, 2020.
Purchases of intangible assets were €49.4 million in the three months ended September 30, 2021 and €17.1 million in the three months ended September 30, 2020.

Cash flows from/used for financing activities were €53.6 million inflow for the three months period ended September 30, 2021, €15.1 million outflow for the three months ended September 30, 2020.

DIGI COMMUNICATIONS NV

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

PREPARED IN ACCORDANCE WITH
IAS 34 INTERIM FINANCIAL REPORTING
for the nine-month period ended 30 September 2021

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GENERAL INFORMATION

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(all amounts in EUR '000, unless specified otherwise)

	Notes	Unaudited 30 September 2021	Audited 31 December 2020
ASSETS			
Non-current assets			
Property, plant and equipment	4	1,690,739	1,562,471
Right of use assets	5	235,692	242,969
Intangible assets	6	343,572	317,048
Financial assets at fair value through OCI		44,215	40,821
Investments in associates		620	974
Long term receivables		6,130	2,493
Other non-current assets		6,006	6,853
Deferred tax asset		609	1,000
Total non-current assets		**2,327,583**	**2,174,629**
Current assets			
Inventories		27,663	20,381
Programme assets	6	26,776	18,383
Trade and other receivables		100,966	88,473
Contract assets		64,213	53,274
Other assets		18,278	12,222
Derivative financial assets	16	16,501	21,578
Cash and cash equivalents		43,322	10,584
Total current assets		**297,719**	**224,895**
Total assets		**2,625,302**	**2,399,524**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent	**7**		
Share capital		6,810	6,810
Share premium		3,406	3,406
Treasury shares		(14,880)	(15,556)
Reserves		230,361	237,286
Retained earnings		225,232	192,900
Total equity attributable to equity holders of the parent		**450,929**	**424,846**
Non-controlling interest		28,034	26,430
Total equity		**478,963**	**451,276**
Non-current liabilities			
Interest-bearing loans and borrowings, including bonds	8	1,027,368	941,451
Lease liabilities	9	149,983	163,291
Deferred tax liabilities		116,680	122,801
Decommissioning provision		10,010	9,840
Other long term liabilities		29,377	35,656
Total non-current liabilities		**1,333,418**	**1,273,039**
Current liabilities			
Trade payables and other payables		579,220	490,905
Interest-bearing loans and borrowings	8	107,887	87,191
Lease liabilities	9	74,868	63,464
Income tax payable		7,204	2,645
Provisions		5,911	6,005
Contract liabilities		37,831	24,999
Total current liabilities		**812,921**	**675,209**
Total liabilities		**2,146,339**	**1,948,248**
Total equity and liabilities		**2,625,302**	**2,399,524**

(all amounts in EUR '000, unless specified otherwise)

	Notes	Three month period ended 30 September 2021	Three month period ended 30 September 2020
Revenues	11	368,438	327,559
Operating expenses	12	(328,816)	(279,296)
Other expenses	19	(30)	(320)
Operating Profit		**39,592**	**47,943**
Finance income	13	20	16
Finance expenses	13	(28,440)	(19,981)
Net finance costs		**(28,420)**	**(19,965)**
Profit before taxation		**11,172**	**27,978**
Income tax		(19,867)	(10,529)
Net profit for the period		**(8,695)**	**17,449**
Attributable to equity holders of the parent		(8,187)	16,593
Attributable to non-controlling interest		(509)	856
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Foreign operations – foreign currency translation differences		3,811	(470)
Available for sale financial asset, net change in fair value		1,392	(3,437)
Adjustments IFRS transition		2,916	-
Other comprehensive income/(loss) for the period, net of income tax		**8,119**	**(3,907)**
Total comprehensive income for the period		**(576)**	**13,542**
Attributable equity holders of the parent		(505)	12,697
Attributable non-controlling interest		(72)	845

(all amounts in EUR '000, unless specified otherwise)

	Notes	Nine month period ended 30 September 2021	Nine month period ended 30 September 2020
Revenues	11	1,063,238	950,596
Other income	19	-	1,153
Operating expenses	12	(954,255)	(825,508)
Other expenses	19	(342)	(3,510)
Operating Profit		**108,641**	**122,731**
Finance income	13	179	5,452
Finance expenses	13	(55,978)	(135,750)
Net finance costs		**(55,799)**	**(130,298)**
Profit before taxation		**52,842**	**(7,567)**
Income tax		(13,152)	(15,956)
Net profit for the period		**39,690**	**(23,523)**
Attributable to equity holders of the parent		36,982	(22,589)
Attributable to non-controlling interest		2,709	(934)
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Foreign operations – foreign currency translation differences		(4,798)	(4,653)
Available for sale financial asset, net change in fair value		4,035	(1,741)
Adjustments IFRS transition		2,916	-
Cash Flow hedge reserves		-	6
Other comprehensive income/(loss) for the period, net of income tax		**2,153**	**(6,388)**
Total comprehensive income for the period		**41,843**	**(29,911)**
Attributable to equity holders of the parent		39,228	(28,739)
Attributable to non-controlling interest		2,616	(1,172)

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(all amounts in EUR '000, unless specified otherwise)

	Notes	Nine month period ended 30 September 2021	Nine month period ended 30 September 2020
Cash flows from operating activities			
Profit before taxation		**52,842**	**(7,567)**
Adjustments for:			
Depreciation, amortization and impairment of property, plant and equipment, intangibles and right-of-use assets	12	278,012	227,885
Interest expense, net	13	33,276	36,968
Finance cost		-	13,750
Impairment of trade and other receivables	12	3,715	6,521
Share-based payment expense		1,281	(421)
Unrealised losses/ (gains) on derivative financial instruments		4,752	37,213
Unrealised foreign exchange loss / (gain)		17,263	30,191
Gain on sale of assets		(6,501)	(2,117)
Cash flows from operations before working capital changes		**384,640**	**342,423**
Changes in:			
Trade receivables, other assets and contract assets		(37,570)	(48,325)
Inventories		(7,746)	843
Trade payables, other payables		19,375	5,841
Contract liabilities		12,832	2,946
Cash flows from operations		**371,531**	**303,728**
Interest paid		(37,187)	(34,520)
Income tax paid		(11,178)	(5,112)
Cash flows from operating activities		**323,166**	**264,096**
Cash flow used in investing activities			
Purchases of property, plant and equipment		(231,720)	(205,477)
Purchases of intangibles		(102,711)	(65,636)
Acquisition of subsidiaries, net of cash acquired		-	(37)
Acquisition of associate		-	362
Proceeds from sale of property, plant and equipment		2,343	162
Cash flows used in investing activities		**(332,088)**	**(270,626)**
Cash flows from financing activities			
Dividends paid to shareholders		(11,951)	(6,614)
Cash outflows from purchase of treasury shares		-	(166)
Proceeds from borrowings	8	206,298	896,302
Repayment of borrowings	8	(90,112)	(749,317)
Financing costs paid		(2,446)	(31,588)
Payment of lease obligations		(60,137)	(50,747)
Cash flows used in/from financing activities		**41,652**	**57,870**
Net increase / (decrease) in cash and cash equivalents		**32,730**	**51,340**
Cash and cash equivalents at the beginning of the period		**10,584**	**10,998**
Effect of exchange rate fluctuations of cash and cash equivalents held		8	-
Cash and cash equivalents at the end of the period		**43,322**	**62,340**

(all amounts in EUR '000, unless specified otherwise)

	Share capital	Share premium	Treasury shares	Translation reserve	Revaluation reserve	Fair value reserves	Cash flow hedge reserves	Retained earnings	Total equity attributable to equity holders of the parent	Non-controlling interest	Total equity
Balance at 1 January 2021 (audited)	**6,810**	**3,406**	**(15,556)**	**(43,205)**	**285,147**	**(4,669)**	**13**	**192,900**	**424,846**	**26,430**	**451,276**
Comprehensive income for the period											
Net profit for the period	-	-	-	-	-	-	-	36,982	**36,982**	2,709	**39,691**
Foreign currency translation differences	-	-	-	(4,518)	-	-	-	-	**(4,518)**	(280)	**(4,798)**
Gain on equity instruments measured at fair value through OCI	-	-	-	-	-	4,035	-	-	**4,035**	-	**4,035**
Adjustments IFRS transition	-	-	-	-	-	-	-	2,729	**2,729**	187	**2,916**
Transfer of revaluation reserve (depreciation)	-	-	-	-	(6,442)	-	-	6,442	-	-	-
Total comprehensive income/(loss) for the period	**-**	**-**	**-**	**(4,518)**	**(6,442)**	**4,035**	**-**	**46,153**	**39,228**	**2,616**	**41,844**
Transactions with owners, recognized directly in equity											
Contributions by and distributions to owners											
Equity-settled share-based payment transactions	-	-	676	-	-	-	-	574	**1,250**	31	**1,281**
Dividends distributed	-	-	-	-	-	-	-	(14,395)	**(14,395)**	(1,043)	**(15,438)**
Total contributions by and distributions to owners	**-**	**-**	**676**	**-**	**-**	**-**	**-**	**(13,821)**	**(13,145)**	**(1,012)**	**(14,157)**
Changes in ownership interests in subsidiaries											
Movement in ownership interest while retaining control	-	-	-	-	-	-	-	-	-	-	-
Total changes in ownership interests in subsidiaries											
Total transactions with owners	**-**	**-**	**676**	**-**	**-**	**-**	**-**	**(13,821)**	**(13,145)**	**(1,012)**	**(14,157)**
Balance at 30 September 2021 (unaudited)	**6,810**	**3,406**	**(14,880)**	**(47,723)**	**278,705**	**(634)**	**13**	**225,232**	**450,929**	**28,034**	**478,963**

DIGI Communications N.V.
Interim Condensed Consolidated Statement of Changes in Equity
for the period ended 30 September 2021
(all amounts in EUR '000, unless specified otherwise)

	Share capital	Share premium	Treasury shares	Translation reserve	Revaluation reserve	Fair value reserves	Cash flow hedge reserves	Retained earnings	Total equity attributable to equity holders of the parent	Non-controlling interest	Total equity
Balance at 1 January 2020 (audited)	**6,810**	**3,406**	**(16,806)**	**(36,708)**	**24,385**	**(6,220)**	**7**	**188,679**	**163,553**	**6,224**	**169,777**
Comprehensive income for the period											
Net profit for the period	-	-	-	-	-	-	-	(22,589)	**(22,589)**	(934)	**(23,523)**
Foreign currency translation differences	-	-	-	(4,415)	-	-	-	-	**(4,415)**	(238)	**(4,653)**
Gain on equity instruments measured at fair value through OCI	-	-	-	-	-	(1,741)	-	-	**(1,741)**	-	**(1,741)**
Cash Flow hedge reserves(1)	-	-	-	-	-	-	6	-	**6**	-	**6**
Transfer of revaluation reserve (depreciation)	-	-	-	-	(3,270)	-	-	3,270	-	-	-
Total comprehensive income/(loss) for the period	-	-	-	**(4,415)**	**(3,270)**	**(1,741)**	**6**	**(19,319)**	**(28,739)**	**(1,172)**	**(29,911)**
Transactions with owners, recognized directly in equity											
Contributions by and distributions to owners											
Conversion of class A shares to class B shares											
Purchase of treasury shares (Note 7)	-	-	(166)	-	-	-	-	-	**(166)**	-	**(166)**
Equity-settled share-based payment transactions	-	-	1,422	-	-	-	-	(1,771)	**(349)**	(72)	**(421)**
Dividends distributed	-	-	-	-	-	-	-	(12,700)	**(12,700)**	(457)	**(13,157)**
Total contributions by and distributions to owners	-	-	**1,256**	-	-	-	-	**(14,471)**	**(13,215)**	**(529)**	**(13,744)**
Changes in ownership interests in subsidiaries											
Movement in ownership interest while retaining control	-	-	-	-	-	-	-	-	-	-	-
Total changes in ownership interests in subsidiaries											
Total transactions with owners	-	-	**1,256**	-	-	-	-	**(14,471)**	**(13,215)**	**(529)**	**(13,744)**
Balance at 30 September 2020 (unaudited)	**6,810**	**3,406**	**(15,550)**	**(41,123)**	**21,115**	**(7,961)**	**13**	**154,889**	**121,599**	**4,523**	**126,122**

(1)The amount presented on Cash Flow Hedge reserves is included in Reserves in Statement of financial position.

1. CORPORATE INFORMATION

Digi Communications Group ("the Group" or "DIGI Group") comprises Digi Communications N.V., RCS&RDS S.A. and their subsidiaries.

The parent company of the Group is Digi Communications N.V. ("DIGI" or "the Company" or "the Parent"), a company incorporated in Netherlands with place of business and registered office in Romania. The main operations are carried by RCS&RDS S.A (Romania) ("RCS&RDS"), Digi T.S kft (Hungary), Digi Spain Telecom SLU, and Digi Italy SL. DIGI registered office is located in Str. Dr. Nicolae Staicovici, nr. 75, bl. Forum 2000 Building, Faza 1, et. 4, sect. 5, Bucuresti, Romania. On 11 April 2017 the Company changed its name to Digi Communications N.V., its former name being Cable Communications Systems N.V.

RCS&RDS is a company incorporated in Romania and its registered office is located at Dr. Staicovici 75, Bucharest, Romania.

RCS&RDS was setup in 1994, under the name of Analog CATV, and initially started as a cable TV operator in several cities in Romania. In 1996 following a merger with a part of another cable operator (Kappa) the name of the company became Romania Cable Systems S.A. ("RCS").

In 1998 Romania Cable Systems S.A established a new subsidiary Romania Data Systems S.A. ("RDS") for the purposes of offering internet, data and fixed telephony services to the Romanian market.

In August 2005, Romania Cable Systems S.A. absorbed through merger its subsidiary Romania Data Systems S.A. and changed its name into RCS&RDS.

RCS&RDS evolved historically both by organic growth and by acquisition of telecommunication operators and customer relationships.

The Group provides telecommunication services of Cable TV (television), Fixed and Mobile Internet and Data, Fixed-line and Mobile Telephony ("CBT") and Direct to Home television ("DTH") services in Romania, Hungary, Spain and Italy. The largest operating company of the Group is RCS&RDS.

The principal shareholder of the DIGI is RCS Management ("RCSM") a company incorporated in Romania. The ultimate shareholder of DIGI is Mr. Zoltan Teszari, the controlling shareholder of RCSM. DIGI and RCSM have no operations, except for holding and financing activities, and their primary/ only asset is the ownership of RCS&RDS and respectively DIGI.

The consolidated financial statements were authorized for issue on 12 November 2021.

2.1 BASIS OF PREPARATION

(a) Statement of compliance

These unaudited interim condensed consolidated financial statements for the nine month period ended 30 September 2021 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2020. These interim condensed consolidated financial statements do not include all the information required for full annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2020 which were prepared in accordance with International Financial Reporting Standards as adopted by the European Union and part 9 of book 2 of the Dutch Civil code.

(b) Basis of measurement

The interim condensed consolidated financial statements have been prepared on the historical cost basis, except for buildings, land, cable plant, equipment and devices and customer premises equipment measured at revalued amount, and except for financial assets at fair value through OCI and derivative financial instruments measured at fair value.

(c) Judgements and estimates

Preparing the interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim condensed consolidated financial statements, significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

(d) Functional and presentation currency

The functional currency as well as the presentation currency for the financial statements of each Group entity is the currency of the primary economic environment in which the entity operates (the local currency).

The interim condensed consolidated financial statements are presented in Euro ("EUR") and all values are rounded to the nearest thousand EUR except when otherwise indicated. The Group uses the EUR as a presentation currency of the interim condensed consolidated financial statements under IFRS based on the following considerations:

- management analysis and reporting is prepared in EUR;
- EUR is used as a reference currency in telecommunication industry in the European Union;
- Main debt finance instruments are denominated in EUR.

The assets and liabilities of the subsidiaries are translated into the presentation currency at the rate of exchange ruling at the reporting date (none of the functional currencies of the subsidiaries or the Parent is hyperinflationary for the reporting periods). The income and expenses of the Parent and of the subsidiaries are translated at transaction date exchange rates. The exchange differences arising on the retranslation from functional currency to presentation currency are taken directly to equity under translation reserve. On disposal of a foreign entity, accumulated exchange differences relating to it and previously recognized in equity as translation reserve are recognized in profit or loss as component of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(all amounts in EUR '000, unless specified otherwise)

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

The following rates were applicable at various time periods according to the National Banks of Romania and Hungary:

Currency	2021			2020		
	1 Jan	Average for the 9 months	30 Sep	1 Jan	Average for the 9 months	30 Sep
RON per 1EUR	4.8694	4.9111	4.9471	4.7793	4.8257	4.8698
HUF per 1EUR	365.13	356.58	360.52	330.52	348.03	364.65
USD per 1EUR	1.2271	1.1967	1.1579	1.1234	1.1241	1.1708

2.2. GOING CONCERN

Management believes that the Group will continue as a going concern for the foreseeable future. In the current year and recent years, the Group has managed to achieve consistently strong local currency revenue streams and cash flows from operating activities and has continued to grow the business. These results have been achieved during a period of significant investments in technological upgrades, new services and footprint expansion. The ability to offer multiple services is a central element of DIGI Group strategy and helps the Group to attract new customers, to expand the uptake of service offerings within the existing customer base and to increase customer loyalty by offering high value-for-money package offerings of services and attractive content.

For further information refer to Note 14b) Liquidity risk.

2.3 SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies applied by the Group in these condensed consolidated unaudited interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2020.

The accounting policies used are consistent with those of the previous financial year.

A number of new standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these interim consolidated financial statements.

Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments apply for annual reporting periods beginning on or after 1 January 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other components of equity, as appropriate. The comparatives are not restated. The Group has determined that all contracts existing at 31 December 2021 will be completed before the amendments become effective.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. The amendments apply for annual reporting periods beginning on or after 1 January 2023. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

(all amounts in EUR '000, unless specified otherwise)

3. SEGMENT REPORTING

Three months ended 30 September 2021	**Romania**	**Hungary**	**Spain**	**Other**	**Eliminations**	**Reconciling item**	**Group**
Segment revenue	217,569	49,955	94,667	6,249	-	-	**368,440**
Inter-segment revenues	1,734	-	190	70	(1,994)	-	**-**
Segment operating expenses	(113,697)	(34,346)	(79,658)	(6,994)	1,994	-	**(232,701)**
Adjusted EBITDA	**105,606**	**15,609**	**15,199**	**(675)**	**-**	**-**	**135,739**
Depreciation, amortization and impairment of tangible, right of use and intangible assets						(96,115)	**(96,115)**
Other expenses (Note 19)	(30)	-	-	-	-	-	**(30)**
Operating profit							**39,594**
Additions to tangible and intangible non-current assets	129,587	4,693	36,114	1,332	-	-	**171,726**
Carrying amount of:							
Non-current assets	1,641,737	397,513	226,682	4,071	-	-	**2,270,003**
Investments in associates and Financial assets at fair value through OCI	620	-	-	44,215	-	-	**44,835**

The types of products and services from which each segment derives its revenues are disclosed in Note 11.

(all amounts in EUR '000, unless specified otherwise)

3. SEGMENT REPORTING (continued)

Three months ended 30 September 2020	**Romania**	**Hungary**	**Spain**	**Other**	**Eliminations**	**Reconciling item**	**Group**
Segment revenue	201,580	48,793	71,524	5,661	-	-	**327,558**
Inter-segment revenues	727	-	159	88	(974)	-	**-**
Segment operating expenses	(108,155)	(35,075)	(55,942)	(6,252)	974	-	**(204,450)**
Adjusted EBITDA	**94,152**	**13,718**	**15,741**	**(503)**	**-**	**-**	**123,108**
Depreciation, amortization and impairment of tangible, right of use and intangible assets	-	-	-	-	-	(74,843)	**(74,843)**
Other expenses (Note 19)	(320)	-	-	-	-	-	**(320)**
Operating profit							**47,945**
Additions to tangible and intangible non-current assets	146,986	11,659	30,194	(2,424)	-	-	**186,415**
Carrying amount of:							
Non-current assets	1,295,347	367,092	118,652	2,479	-	-	**1,783,570**
Investments in associates and Financial assets at fair value through OCI	982	-	-	37,490	-	-	**38,472**

The types of products and services from which each segment derives its revenues are disclosed in Note 11.

(all amounts in EUR '000, unless specified otherwise)

3. SEGMENT REPORTING (continued)

Nine months ended 30 September 2021	Romania	Hungary	Spain	Other	Eliminations	Reconciling item	Group
Segment revenue	641,484	146,799	257,287	17,670	-	-	**1,063,240**
Inter-segment revenues	3,329	-	500	210	(4,039)	-	**-**
Segment operating expenses	(334,839)	(106,902)	(218,381)	(20,159)	4,039	-	**(676,242)**
Adjusted EBITDA	**309,974**	**39,897**	**39,406**	**(2,279)**	**-**	**-**	**386,998**
Depreciation, amortization and impairment of tangible, right of use and intangible assets						(278,012)	**(278,012)**
Other expenses (Note 19)	(342)	-	-	-	-	-	**(342)**
Operating profit							**108,644**
Additions to tangible and intangible non-current assets	278,970	34,019	116,039	5,909	-	-	**434,937**
Carrying amount of:							
Non-current assets	1,641,737	397,513	226,682	4,071	-	-	**2,270,003**
Investments in associates and Financial assets at fair value through OCI	620	-	-	44,215	-	-	**44,835**

The types of products and services from which each segment derives its revenues are disclosed in Note 11.

(all amounts in EUR '000, unless specified otherwise)

3. SEGMENT REPORTING (continued)

Nine months ended 30 September 2020	**Romania**	**Hungary**	**Spain**	**Other**	**Eliminations**	**Reconciling item**	**Group**
Segment revenue	581,784	151,590	199,647	17,574	-	-	**950,595**
Inter-segment revenues	2,264	-	492	320	(3,076)	-	**-**
Segment operating expenses	(311,883)	(111,252)	(158,302)	(19,260)	3,076	-	**(597,621)**
Adjusted EBITDA	**272,165**	**40,338**	**41,837**	**(1,366)**	**-**	**-**	**352,974**
Depreciation, amortization and impairment of tangible, right of use and intangible assets						(227,885)	**(227,885)**
Other income (Note 19)	1,153	-	-	-	-	-	**1,153**
Other expenses (Note 19)	-	(3,510)	-	-	-	-	**(3,510)**
Operating profit							**122,732**
Additions to tangible and intangible non-current assets	279,014	44,101	71,024	1,388	-	-	**395,527**
Carrying amount of:							
Non-current assets	1,295,347	367,092	118,652	2,479	-	-	**1,783,570**
Investments in associates and Financial assets at fair value through OCI	982	-	-	37,490	-	-	**38,472**

The types of products and services from which each segment derives its revenues are disclosed in Note 11.

4. PROPERTY, PLANT AND EQUIPMENT

Acquisitions and disposals

During the nine-month period ended 30 September 2021, the Group acquired property, plant and equipment with a cost of EUR 273,887 (nine months ended 30 September 2020: EUR 196,989).

The acquisitions related mainly to networks EUR 133,434 (nine months ended 30 September 2020: EUR 111,558), customer premises equipment of EUR 38,249 (nine months ended 30 September 2020: EUR 31,085), equipment and devices of EUR 92,306 (nine months ended 30 September 2020: EUR 44,012), buildings and structures of EUR 3,572 (nine months ended 30 September 2020: EUR 4,270) and vehicles of EUR 5,062 (nine months ended 30 September 2020: EUR 3,156).

5. RIGHT OF USE ASSETS

The Group has lease contracts for various items of land, commercial spaces, network, vehicles, equipment, etc. used in its operations. Right of use assets are accounted for at cost and depreciated over the contract period.

During the nine-month period ended 30 September 2021, right of use assets' gross book movement (additions, disposals and translation effect) is in amount of EUR 47,004 (nine months ended 30 September 2020: EUR 65,371).

6. NON-CURRENT INTANGIBLE ASSETS, CURRENT PROGRAMME ASSETS

a) Intangible assets

Acquisitions

Non-current intangible assets
During the nine-month period ended 30 September 2021, the Group acquired non-current intangible assets with a cost of EUR 89,869 (30 September 2020: EUR 119,014).

The additions were as follows:
- Software and licences in amount of EUR 27,351 (30 September 2020: EUR 20,421);
- Customer relationships by acquiring CATV and fixed internet subscribers in amount of EUR 17,114 (30 September 2020: EUR 67,946);

The main additions of Customer relationships in the period ended 30 September 2021 relate to the additions resulting from acquisition of customer contracts in Romania, following the Networking agreement between RCS & RDS and Digital Cable Systems S.A., AKTA Telecom S.A., respectively ATTP Telecommunications S.R.L ("Assignors").

In accordance with IFRS requirements, for financial reporting purposes only, this transaction was treated as asset deal (customer relationships). A third party independent valuator has assessed the fair value of the acquired intangible asset, as of the acquisition date, using the MEEM method, as per ANEVAR standards. The fair value of the asset transferred in was considered to be the net present value of the discounted cash flows. Consequently, for RGUs transferred in 2021, customer relationships acquired were recognized as intangible asset, with a fair value of EUR 9,870 and a corresponding liability recognized as Trade and other payables.

(all amounts in EUR '000, unless specified otherwise)

6. NON-CURRENT INTANGIBLE ASSETS AND PROGRAMME ASSETS (CONTINUED)

- Costs to obtain contracts with customers (Subscriber Acquisition Costs "SAC") in amount of EUR 45,404 (30 September 2020: EUR 30,647); SAC represents third party costs for acquiring and connecting customers of the Group;

Goodwill

(i) Reconciliation of carrying amount	
Balance at 1 January 2021	**77,749**
Effect of movement in exchange rates	(592)
Balance at 30 September 2021	**77,157**

(i) Reconciliation of carrying amount	
Balance at 1 January 2020	**80,844**
Disposals	(440)
Effect of movement in exchange rates	(2,610)
Balance at 30 September 2020	**77,794**

Impairment testing of goodwill

Goodwill is not amortized but is tested for impairment annually (as at 31 December) and when circumstances indicate the carrying values may be impaired. There were no impairment indicators for the cash generating units to which goodwill was allocated as of 30 September 2021.

b) Programme assets

During the nine-month period ended 30 September 2021, additions of programme assets in the amount of EUR 35,726 (30 September 2020: EUR 43,089) represent broadcasting rights for sports competitions for 2021/2022 season and related advance payments for future seasons, and also rights for movies and documentaries.

(all amounts in EUR '000, unless specified otherwise)

7. EQUITY

There were no changes in the share capital structure during the period ended 30 September 2021.

As at 30 September 2021, the Company had 5.0 million treasury shares.

The GSM from 18 May 2021 approved the distribution of a gross dividend of 0.75 RON (EUR 0.15) per share, for 2020, which was distributed in June 2021.

8. INTEREST-BEARING LOANS AND BORROWINGS

Included in long term interest-bearing loans and borrowings are bonds of EUR 850,980 (December 2020: EUR 851,165), bank loans EUR 176,388 (December 2020: EUR 90,286).

Included in short term interest-bearing loans and borrowing are bank loans of EUR 68,394 (December 2020: EUR 34,609), short portion of long term interest-bearing loans of EUR 35,646 (December 2020: EUR 42,615) and interest payable amounting to EUR 3,847 (December 2020: EUR 9,967).

In July 2021, we drew EUR 50 million (in RON equivalent) under revolving Facility B of the 2020 Senior Facilities Agreement. The amounts drawn are for general corporate purposes.

On 21 July 2021, RCS & RDS requested the establishment of an incremental facility, as part of the SFA 2020, in an aggregate amount of RON 500,000,000 (the "Incremental Facility") to be used for the company's capital expenditure and general corporate purposes. The facility was drawn in November 2021.

On 26 July 2021, Digi Spain entered into a Syndicated Facility Agreement with a syndicate of banks for a EUR 132 million loan to be used for several purposes, including CAPEX and general corporate purposes.

The movements in total Interest-bearing loans and borrowings is presented in the table below:

	Carrying amount
Balance as of 1 January 2021	**1,028,642**
New drawings	
Proceeds from bank loans	206,298
Interest for the period	24,541
Repayment	
Repayment of borrowings	(90,112)
Current year interest paid	(30,235)
New finance cost	(2,467)
Amortization of deferred finance costs and inception value of embedded derivative	1,235
Effect of movements in exchange rates	(2,648)
Balance as of 30 September 2021	**1,135,255**

(all amounts in EUR '000, unless specified otherwise)

8. INTEREST-BEARING LOANS AND BORROWINGS (continued)

Included in Other long term liabilities and Trade payables and other payables there are supplier balances that are part of several factoring arrangements amounting to EUR 107,017.

9. LEASE LIABILITY

The Group leases mainly network pillars, land, commercial spaces, cars and equipment. As at 30 September 2021, financial leasing liability was in amount of EUR 224,851 (31 December 2020: EUR 226,755). Lease liability was impacted by the variation of the foreign exchange rate for the Group's main functional currencies, by additions as well as by modifications of stipulations for certain leasing contracts related to rent amount, contract period, etc.

10. RELATED PARTY DISCLOSURES

		30 September 2021	31 December 2020
Receivables from Related Parties			
Ager Imobiliare S.R.L.	(ii)	801	785
Other*		11	11
Total		**812**	**796**

		30 September 2021	31 December 2020
Payables to Related Parties			
RCS Management S.A.	(i)(ii)	14,496	12,183
Mr. Zoltan Teszari	(i)	544	409
Other		953	35
Total		**15,993**	**12,627**

(i) Shareholder of DIGI
(ii) Entities affiliated to a shareholder of the parent
(*) Other includes RCS-Management

Compensation of key management personnel of the Group

	Three months ended 30 September 2021	Three months ended 30 September 2020	Nine months ended 30 September 2021	Nine months ended 30 September 2020
Short term employee benefits –salaries	1,165	967	2,828	2,695

In May 2021, share option plans were approved by the General Shareholders' Meeting for members of the Company's Board of Directors. For details, please see Note 15.

(all amounts in EUR '000, unless specified otherwise)

11. REVENUES

Allocation of revenues through business lines and geographical areas is as follows:

	Three months ended 30 September 2021	Three months ended 30 September 2020	Nine months ended 30 September 2021	Nine months ended 30 September 2020
Country				
Romania	217,569	201,578	641,483	581,781
Hungary	49,955	48,794	146,798	151,591
Spain	94,667	71,524	257,287	199,647
Italy	6,247	5,663	17,670	17,577
Total revenues	**368,438**	**327,559**	**1,063,238**	**950,596**
Category				
Fixed services(1)	200,427	182,294	583,729	530,059
Mobile services	139,647	116,933	396,952	341,574
Other	28,364	28,332	82,557	78,963
Total revenues	**368,438**	**327,559**	**1,063,238**	**950,596**

(1) Includes revenues from DTH operations.

Other revenues from contracts with customers as at 30 September 2021 include mainly revenues from sale of handsets and other CPE, as well as advertising revenues.

The split of revenues based on timing of revenue recognition is presented below:

Timing of revenue recognition	Three months ended 30 September 2021	Three months ended 30 September 2020	Nine months ended 30 September 2021	Nine months ended 30 September 2020
Goods transferred at a point in time	9,022	8,365	23,430	23,587
Services transferred over time	359,416	319,194	1,039,808	927,009
Total revenues	**368,438**	**327,559**	**1,063,238**	**950,596**

The transfer of goods to the customer at a point in time are presented in the first table above as "Other revenues". The rest of the services provided to customers are presented as revenues for each category line and country.

(all amounts in EUR '000, unless specified otherwise)

12. OPERATING EXPENSES

	Three months ended 30 September 2021	Three months ended 30 September 2020	Nine months ended 30 September 2021	Nine months ended 30 September 2020
Depreciation of property, plant and equipment	43,075	36,331	123,945	107,036
Amortisation of right of use assets	24,847	7,175	62,324	41,521
Amortization of programme assets	5,213	15,310	27,000	30,453
Amortization of non-current intangible assets	20,934	15,640	58,493	47,753
Impairment of property, plant and equipment	1,699	387	5,135	1,106
Impairment of non-current intangible assets	345	-	1,114	16
Salaries and related taxes	60,703	55,837	177,078	162,952
Contribution to pension related fund	1,115	1,622	3,469	4,614
Programming expenses	27,900	25,783	82,951	78,720
Telephony expenses	72,995	60,421	212,006	175,590
Cost of goods sold	8,328	7,874	21,504	21,800
Invoicing and collection expenses	6,326	5,615	18,589	16,975
Utilities	9,362	7,907	26,072	23,396
Copyrights	3,147	3,069	9,303	9,007
Internet connection and related services	13,005	8,104	34,049	21,675
Impairment of receivables, net of reversals	861	2,201	2,866	5,532
Taxes to authorities and penalties	5,119	5,004	18,827	18,602
Other materials and subcontractors	3,781	3,678	10,931	10,252
Other services	10,645	6,593	30,803	19,086
Other expenses	9,415	10,745	27,796	29,422
Total operating expenses	**328,815**	**279,296**	**954,255**	**825,508**

Share option plans' expenses accrued in the period are included in the caption "Salaries and related taxes". For details, please see Note 15.

(all amounts in EUR '000, unless specified otherwise)

13. NET FINANCE COSTS

	Three months ended 30 September 2021	Three months ended 30 September 2020	Nine months ended 30 September 2021	Nine months ended 30 September 2020
Financial revenues				
Interest from banks	7	16	20	81
Other financial revenues	13	-	159	5,371
Foreign exchange differences (net)	-	-	-	-
	20	**16**	**179**	**5,452**
Financial expenses				
Interest expense and amortization of borrowing cost	(10,241)	(9,513)	(26,704)	(31,685)
Interest expense for lease liability	(2,447)	(2,373)	(6,573)	(5,283)
Net gain/(loss) on derivative financial instruments	-	-	-	(5)
Foreign exchange differences (net)	(10,985)	(6,396)	(11,709)	(37,711)
Other financial expenses	(4,768)	(1,699)	(10,992)	(61,066)
	(28,441)	**(19,981)**	**(55,978)**	**(135,750)**
Net Financial Cost	**(28,421)**	**(19,965)**	**(55,799)**	**(130,298)**

In the three months period ended 30 September 2021, we recognised a net fair value loss of EUR 1,771 related to 2020 Senior Secured Notes embedded derivative asset.

14. FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from the use of financial instruments:

- credit risk
- liquidity risk
- market risk (including currency risk and interest rate risk).

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade receivables from customers.
Management mitigates credit risk mainly by monitoring the subscribers base and identifying bad debt cases, which are suspended, in general, in an average of 15 days period after the invoice due date.

The carrying amount of the non-derivative financial assets, net of the recorded allowances for expected credit losses, represents the maximum amount exposed to credit risk. The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low.

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. As a result, restriction measures have been taken in the territories were we have operations.

During this period, we have taken additional steps to ensure the health and safety of customers, employees and partners and the reliable delivery of services during the COVID-19 outbreak. In Q3 2021, the Group continued to implement necessary measures for the operational activity, to run similar to normal periods.

Collection of receivables could be influenced by macro-economic factors. Management believes that there is no significant risk of loss to the Group beyond the allowances already recorded.

The credit exposure for derivatives is limited, as there will be no incoming cash-flow arising from the embedded derivatives.
Cash and cash equivalents are placed in financial institutions, which are considered at time of deposit to have minimal risk of default.

The credit risk on cash and cash equivalents is very small, since the cash and cash equivalents are held at reputable banks in different countries. The most significant part of cash and cash equivalents balance is generally kept at the main subsidiary (RCS RDS) level with internationally reputable banks, having at least A-2 rating in a country with a "BBB-" rating.

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, vendor financing and reverse factoring agreements. Management monitors on a monthly basis the forecast of cash outflows and inflows in order to determine its funding needs.

At 30 September 2021, the Group had net current liabilities of EUR 515,202 (31 December 2020: EUR 450,314). As a result of the volume and nature of the telecommunication business current liabilities exceed current assets. A large part of the current liabilities is generated by investment activities. Management considers that the Group will generate sufficient funds to cover the current liabilities from future revenues.

The Group's policy on liquidity is to maintain sufficient liquid resources to meet its obligations as they fall due and to keep the Group's leverage optimized. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, finance leases and working capital, whilst considering future cash flows from operations. Management believes that there is no significant risk that the Group will encounter liquidity problems in the foreseeable future.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, market electricity prices and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Exposure to currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures (other than the functional currency of each legal entity), primarily with respect to the EUR and USD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in currencies other than the functional currencies of the Company and each of its subsidiaries.

Management has set up a policy to manage the foreign exchange risk against the functional currency. To manage their foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, the Group used forward/option contracts, transacted with local banks.

The Group imports services and equipment and attracts substantial amount of foreign currency denominated borrowings.

Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group is exposed to interest rate risk (EUR and USD) though market fluctuations of interest rates. Details of borrowings are disclosed in Note 8.

d) Capital Management

The Group's objectives when managing capital are to safeguard the Groups ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal structure to reduce the cost of capital. Management monitors "total net debt to EBITDA" ratio which is computed in accordance with the Senior Facilities Agreement.

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair values

The Group measures at fair value the following: financial assets at fair value through other comprehensive income and embedded derivatives.

15. SHARE-BASED PAYMENT

The Group implemented share-based payment plans for certain members of the management team and key employees. The options vest if and when certain performance conditions, such as revenue, subscriber targets and other targets of the Group were met. Some of the share option plans vested in past years and were closed.

Currently, the following share option plans are in place or impacted the period ended 30 September 2021:

15.1 On 30 April 2020, the General Shareholder’s Meeting has approved the grant of stock options for class B shares applicable to the executive Board members in 2020.
Mr. Serghei Bulgac (Chief Executive Officer and Executive Director of the Company) and Mr. Valentin Popoviciu (Executive Director of the Company), have been granted by the Company conditional stock options pursuant to the decision of the Company’s general meeting of shareholders dated 30 April 2020. The number of options of class B shares granted as part of this stock option plan amounts to a total of 130,000 stock options. The fair value at grant date was EUR 2,516.
These options vested in Q2 2020 upon the fulfillment of the performance criteria (EBITDA, RGUs and leverage ratio levels) and the programed was closed.

15.2 On 19 May 2020, the Board of Directors of the Company has approved the grant of stock options for the benefit of certain employees and managers of RCS&RDS S.A., its Romanian subsidiary and of DIGISOFT IT SRL, a subsidiary of RCS&RDS S.A. The options granted are for a number of 185,500 Class B shares. The vesting of such options is conditional upon fulfilment of several performance criteria, with the vesting period being a minimum of 1 year. The fair value at grant date was EUR 3,562.
These options vested in Q2 2020 upon the fulfillment of the criteria and the programed was closed.

15.3 On 19 May 2021, Mr. Serghei Bulgac (Chief Executive Officer and Executive Director of the Company), Mr. Valentin Popoviciu (Executive Director of the Company) and Mr. Bogdan Ciobotaru (Non-Executive Director of the Company) have been granted by the Company conditional stock options pursuant to the decision of the Company’s general meeting of shareholders dated 18 May 2021. The total number of options of class B shares granted as part of this stock option plan (applicable for the year 2021) amounts to 160,000. The further vesting of all option shares granted will be conditional upon several performance criteria (EBITDA, RGUs and leverage ratio levels) and the passage of a minimum duration of 1 year. The fair value at grant date was EUR 3,565.

15.4 On 25 august 2021, the Company’s Board of Directors has approved the grant of a number of 39,000 stock options within the stock option program granted to the benefit of employees of the Company’s Romanian subsidiary, RCS&RDS S.A, pursuant to the Company’s Stock Option Plan.
The vesting of the options is conditional upon the fulfilment of the performance criteria, with the vesting period being set at a minimum of 1 year as of the grant date. The fair value at grant date was EUR 923.

For three months period ended at 30 September 2021 the related share option expense of EUR 298 is included in the Consolidated statement of profit or loss and other comprehensive income included in the line item Operating expenses, within salaries and related taxes (Note 12).

16. DERIVATIVE FINANCIAL INSTRUMENTS

For assets and liabilities that are measured at fair value on a recurring or non-recurring basis in the statement of financial position after initial recognition, the valuation techniques and inputs used to develop those measurements are presented below:

Financial assets at fair value through OCI

Financial assets at fair value through OCI comprise shares in RCSM. In 2017 the Company's class B shares were listed on the Bucharest Stock Exchange. As at 30 September 2021, the fair value assessment of the shares held in RCSM was consequently performed based on the average quoted price/share of the shares of the Company as of the valuation date (RON/share 37.8), adjusted for the impact of other assets and liabilities of RCSM, given that the main asset of RCSM is the holding of the majority of the shares of the Company. The fair value assessment also takes into account the cross-holdings between the Group and RCSM.

Embedded derivatives

As at 31 December 2021, a discounted cash flow valuation technique was used in order to estimate the option-free value at this date. Main inputs were the callable bond market value, coupon, payment terms and maturity date. The fair value was obtained from an independent valuation specialist. The management has determined that such prices were developed in accordance with the requirements of IFRS 13.

As at 30 September 2021, the valuation method was consistent with the one used as at 31 December 2020.

As at 30 September 2021 the Group had derivative financial assets in amount of EUR 16,501 (31 December 2020: EUR 21,578), which represents embedded derivatives related to the 2025 and 2028 Senior Secured Notes (includes several call options as well as one put option).

As at 30 September 2021 the Group had no derivative financial liabilities.

(all amounts in EUR '000, unless specified otherwise)

16. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:
Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	Level 1	**Level 2**	**Level 3**	**Total**
30 September 2021				
Financial assets at fair value through OCI	-	-	44,215	44,215
Embedded derivatives	-	-	16,501	16,501
Total	-	-	**60,716**	**60,716**
31 December 2020				
Financial assets at fair value through OCI	-	-	40,821	40,821
Embedded derivatives	-	-	21,578	21,578
Total	-	-	**62,399**	**62,399**

17. GENERAL COMMITMENTS AND CONTINGENCIES

(a) Contractual commitments
Commitments are presented on a discounted basis, using an interest rate of 3M LIBOR + 6.314% p.a., 3M EURIBOR + 6.314% p.a. or 3M ROBOR + 6.314% p.a.

As at 30 September 2021, contractual commitments for capital expenditure amounted to approximately EUR 117,464 (31 December 2020: EUR 82,248) and contractual operating commitments amounted to approximately EUR 80,928 (31 December 2020: EUR 95,007).

(b) Letters of guarantee
As of 30 September 2021, there were bank letters of guarantee and letters of credit issued in amount of EUR 27,445 mostly in favour of content and satellite suppliers and for participation to tenders (31 December 2020: EUR 29,764).

We have cash collateral agreements for issuance of letters of counter guarantees. As at 30 September 2021 we had letters of guarantee issued in amount of EUR 1,901 (31 December 2020: EUR 1,901). These agreements are secured with moveable mortgage over cash collateral accounts.

(c) Legal proceedings

Uncertainties associated with the fiscal and legal system

The tax frameworks in Romania and other Eastern and Central Europe countries are subject to frequent changes (some of them resulting from EU membership, others from the domestic fiscal policy) and often subject of contradictory interpretations, which might be applied retrospectively.

Furthermore, the Romanian and other Eastern and Central Europe governments work via a number of agencies authorized to carry on audits of the companies operating in these countries. These audits cover not only fiscal aspects but also legal and regulatory ones that are of interest to these agencies.

The Dutch, Romanian and other Eastern and Central Europe Fiscal legislation include detailed regulations regarding transfer pricing between related parties and includes specific methods for determining transfer prices between related prices at arm's length. Transfer pricing documentation requirements have been introduced so that taxpayers who carry out transactions with affiliated parties are required to prepare a transfer pricing file that needs to be presented to the tax authorities upon request.

The Company and its subsidiaries entered into various transactions within the Group, as well as other transactions with related parties. In light of this, if observance of arm's length principle cannot be proved, a future tax control could challenge the values of transactions between related parties and adjust the fiscal result of the Company and/ or its subsidiaries with additional taxable revenues/ non-deductible expenses (i.e. assess additional profit tax liability and related penalties).

Group management believes that it has paid or accrued all taxes, penalties and interest that are applicable, at the Company and subsidiaries level.

During the year, the Group was involved in a number of court proceedings (both as a plaintiff and a defendant) arising in the ordinary course of business. In the opinion of the management, there are no current legal proceedings or other claims outstanding which could have a material effect on the result of operations or financial position of the Group and which have not been accrued or disclosed in these consolidated financial statements. Specifically, for the litigations described below the Group did not recognize provisions (except for limited amounts in limited cases) as management assessed that the outcome of these litigations is not more likely than not to result in significant cash outflows for the Group.

17. GENERAL COMMITMENTS AND CONTINGENCIES (CONTINUED)

Litigation with Electrica Distribuţie Transilvania Nord in relation to a concession agreement between RCS&RDS and the Oradea municipality

In 2015, Electrica Distribuţie Transilvania Nord S.A. (the incumbent electricity distributor from the North-West of Romania) challenged in court the concession agreement we have concluded with the local municipality from Oradea regarding the use of an area of land for the development of an underground cable trough, arguing that the tender whereby we obtained the concession agreement was irregularly carried out. Furthermore, Electrica Distribuţie Transilvania Nord S.A. claims that the cable trough is intended to include electricity distribution wires that would breach its alleged exclusive right to distribute electricity in the respective area.
Based on our request, the trial was suspended pending final settlement of a separate lawsuit in which two Group companies are challenging the validity of the alleged exclusivity rights of incumbent electricity distributors (this claim was denied by the court of first instance). Should the final court decision be unfavourable to us, it may result in a partial loss of our investment in the underground cable trough.

Investigation by the Romanian National Anti-Corruption Agency brought to court

In 2009, RCS&RDS entered into a joint venture with Bodu S.R.L. (the "JV") with respect to an events hall in Bucharest. This venue enjoys a good location in the city and is relatively close to our headquarters. We believed at the time that the property would have been very helpful to the development of our media business and, potentially, other businesses and desired to acquire the venue from Bodu S.R.L. However, Bodu S.R.L. only agreed to a joint venture arrangement, making certain representations concerning future economic benefits of its joint development, which we accepted in good faith. At the time when RCS&RDS entered into the JV, Bodu S.R.L. was owned by Mr. Bogdan Dragomir, a son of Mr Dumitru Dragomir, who served as the President of the Romanian Professional Football League (the "**PFL**").

In 2013, certain individuals within Antena Group (with which we had a number of ongoing litigations at the time) blackmailed Mr. Ioan Bendei (who at the time was a member of the Board of Directors of RCS&RDS and is a director of Integrasoft S.R.L. (see below)) threatening to report him (and us) to the prosecuting authorities. They alleged that our investment into the JV represented a means to extend an unlawful bribe to Mr. Dumitru Dragomir in exchange for his alleged assistance with granting to us content rights to Romania's national football competitions administered by the PFL and to certain subsequent modifications to the payment terms of content rights awarded through an auction process in 2008. Mr. Ioan Bendei reported the blackmailers to the prosecutors, which resulted in the General Manager of Antena Group being convicted of blackmail and incarcerated. However, Antena Group's allegations against Mr. Ioan Bendei were also brought to the attention of the Romanian National Anti-Corruption Agency (the "**DNA**").

By 2015, the JV became virtually insolvent, as initial expectations on its prospects had failed to materialize. In 2015, in order to recover the EUR 3,100 investment, it had made into the JV from 2009 to 2011 and to be able to manage the business of the events hall directly and efficiently, RCS&RDS entered into a settlement agreement with Bodu S.R.L. In 2016, in accordance with that settlement agreement, RCS&RDS acquired (at a discount to nominal value) Bodu S.R.L.'s outstanding bank debt (which was secured by its share of, and assets it contributed to, the JV). Thereafter, RCS&RDS set-off its acquired receivables against Bodu S.R.L. in exchange for the real estate and business of the events hall. Bodu S.R.L. was replaced as RCS&RDS's JV partner by Integrasoft S.R.L., one of our Romanian subsidiaries.

Following this acquisition, in addition to its investigation of Antena Group's bribery allegations in relation to our investment into the JV, the DNA opened an enquiry as to whether the transactions that followed (including the 2015 settlement and the 2016 acquisition) represented unlawful money-laundering activities.

On 7 June 2017, Mr. Bendei Ioan, member of the Board of directors of RCS&RDS, was indicted by the DNA in connection with the offences of bribery and accessory to money laundering. Mr. Bendei Ioan was also placed under judicial control. On 25 July 2017, RCS&RDS was indicted by the DNA in connection with the offences of bribery and money laundering, Integrasoft S.R.L. (one of RCS&RDS's subsidiaries in Romania) was indicted for the offence of accessory to money laundering, Mr. Mihai Dinei (member of the Board of directors of RCS&RDS), was indicted by the DNA in connection with the offences of accessory to bribery and accessory to money laundering. On 31 July 2017, Mr. Serghei Bulgac (Chief Executive Officer of RCS&RDS and General Manager and President of

17. GENERAL COMMITMENTS AND CONTINGENCIES (CONTINUED)

the Board of Directors of RCS&RDS), was indicted by the DNA in connection with the offence of money laundering.

The offences of bribery, of receiving bribes and the accessories to such offenses under investigation are alleged to have been committed through the 2009 joint-venture between RCS&RDS and Bodu SRL with respect to the events hall in Bucharest in relation to agreements between RCS&RDS and LPF with regard to the broadcasting rights for Liga 1 football matches, while the offences of money laundering and accessory to money laundering are alleged to have been perpetrated through RCS&RDS's acquisition of the Bodu S.R.L. events hall in 2016.

On 15 January 2019, the Bucharest Tribunal dismissed the giving of bribe related allegations against RCS&RDS and its past and current directors on the basis that they had become time-barred, convicted RCS&RDS in connection with the offence of money laundering for which the court applied a criminal fine in the amount of RON 1,250,000. The Bucharest Tribunal's decision also decided on the confiscation from RCS&RDS of an amount of EUR 3,100 plus RON 655,000 and it maintained the seizure over the two real estate assets first instituted by the DNA. Integrasoft S.R.L. was convicted in connection with the offence of accessory to money laundering for which the court applied a criminal fine of RON 700,000. Mr. Bendei Ioan was convicted to a 4 years imprisonment sentence in connection with the offence of accessory to money laundering resulting from his capacity of director of Integrasoft S.R.L.

Mr. Serghei Bulgac (Chief Executive Officer and President of the board of directors of RCS&RDS), Mr. Mihai Dinei (member of the board of directors of RCS&RDS), as well as Mr. Alexandru Oprea (former Chief Executive Officer of RCS&RSD) were acquitted in connection with all the accusations brought against them by the DNA.

In the same case file, Mr. Dumitru Dragomir was convicted to a 4 years imprisonment sentence in connection with the offences of receiving of bribe and accessory to money laundering, Mr. Bădiță Florin Bogdan (director of Bodu S.R.L.) was convicted to a 4 years imprisonment sentence in connection with the offences of accessory to the receiving of bribe and to money laundering, the company Bodu S.R.L. was convicted in connection with the offences of accessory to the receiving of bribe and money laundering, while Mr. Bogdan Dumitru Dragomir was acquitted in connection with all the accusations brought against him by the DNA.

The decision also cancels the joint-venture agreement from 2009 concluded between RCS&RDS and Bodu S.R.L., as well as all the agreements concluded between RCS&RDS, Bodu S.R.L. and Integrasoft S.R.L. in 2015 and 2016.

We strongly deem the Bucharest Tribunal's decision to be profoundly unjust, incorrect and ungrounded. This decision is neither final nor enforceable. We have anyway already challenged this decision to the Bucharest Court of Appeal.

On March, 26, 2021, we received the written reasoning of the decision no. 37/15.01.2019 of the Bucharest Tribunal, together with a decision issued on 19.03.2021 rectifying some clerical errors within the content of the decision. The Company filed an appeal also against the decision to rectify clerical errors. The file was registered with Bucharest Court of Appeal, Second Penal Section, the first court hearing being established for 18 May 2021. At the first court hearing, the case was postponed for September 7, 2021.

At the court hearing from September, 7, 2021 the court established a new term for October, 5, 2021. On October, 5, 2021, the court considered the discussions closed..

On November, 1, 2021, the Bucharest Court of Appeal granted, amongst other appeals, the appeals of RCS&RDS S.A., Integrasoft S.R.L. and of certain directors. The Court of Appeal quashed the decision of the Bucharest Tribunal from January, 15, 2019 in its entirety. The judgement is final and no remedy against this decision is admissible at this point. The file will be sent for retrial, to the competent court, which is the Bucharest Court of Appeal, starting with the procedure of the preliminary chamber.

We strongly believe that RCS&RDS, INTEGRASOFT S.R.L. and their current and former officers have acted appropriately and in compliance with the law, and we strongly restate that we will continue to defend against all the above allegations.

17. GENERAL COMMITMENTS AND CONTINGENCIES (CONTINUED)

Claim for indemnity filed against RCS&RDS in connection to certain matters related to the sale by RCS&RDS of its subsidiary in the Czech Republic in 2015

In March 2018, Yolt Services s.r.o., a Czech company, filed against RCS&RDS a claim for indemnification in front of the Vienna International Arbitral Centre (the “**VIAC**”). The claimant grounds its request on the sale purchase agreement (the “**SPA**”) concluded between RCS&RDS and Lufusions s.r.o., a subsidiary of Lama Energy Group Czech-based holding, whereby RCS&RDS sold in April 2015 to Lufusions s.r.o. its wholly owned subsidiary in the Czech Republic (the “**Sold Company**”). As an accessory to the business it had sold to the Lama Energy Group, RCS&RDS as seller accepted to indemnify Lufusions s.r.o., as buyer, for certain types of claims (such as tax, copyright) related to the past activity of the Sold Company, under certain conditions provided under the SPA.

After completing the sale, RCS&RDS conducted in good faith the claims against the Sold Company, aiming to obtain the dismissal and/or the mitigation of such claims. However, under the control of the new owner, the Sold Company suffered several corporate changes (including chain de-mergers) that finally resulted in the Sold Company no longer operating the business sold by RCS&RDS through the SPA. Later, the Sold Company (which had meanwhile become a shell entity) was renamed to Yolt Services s.r.o. In RCS&RDS’s view, all these post-closing changes have severely impaired the scope of the indemnity provided under the SPA.

In its claim in front of the VIAC, Yolt Services s.r.o. requests RCS&RDS to pay approximately EUR 4,500 together with the accrued default interest and other costs (amounting to approximately EUR 2,800) as indemnity under the SPA for tax and copyright claims (the latter in favor of a Czech collective rights management body), as well as indemnity for breach of the seller’s warranties and for other losses. We deem that the claimant lacks legal standing, and these claims as ungrounded and abusive, while some of them are either statute barred or do not meet the conditions for indemnification under the SPA.

We have also filed in front of the VIAC a counterclaim against the claimant for unpaid amounts for services provided by RCS&RDS to the Sold Company post-closing, in approximate outstanding unpaid amount of EUR 1,100 together with accrued default interest, as well as for other amounts due to RCS&RDS under the SPA.

The hearing in the arbitration proceeding took place in January 2019, and, further, the parties submitted additional documents and arguments. Due to the fact that the claimant submitted a new witness statement on that occasion, the Arbitral Tribunal required the respondent to reply thereto and further decided to set a new hearing in the proceedings for 23 May 2019. On 17 July 2019, the parties submitted the post-hearing briefs. The Arbitral Tribunal has issued the award at the end of October 2019 and on 25 November 2019 the Secretary General of VIAC has communicated the award to RCS&RDS. As a result of the reduction of the final request for relief submitted by the claimant through its post-hearing briefs, in its final award, the Arbitral Tribunal only recognized certain of the claims made by the claimant. The Arbitral Tribunal also recognized the counterclaim raised by RCS&RDS and denied part of the set-offs raised by the claimant against the counterclaim.

On December 19, 2019, the VIAC amended certain errors in its original Award. Under the award so amended, approximately EUR 2,100 plus approximately EUR 24 in default interest was due to Yolt Services s.r.o., which was significantly lower than the amounts they had claimed. The amounts awarded have been paid to the claimant in full.

17. GENERAL COMMITMENTS AND CONTINGENCIES (CONTINUED)

On 11 March 2021, Yolt Services s.r.o., filed against RCS&RDS a new claim for indemnification in front of VIAC. The claimant grounds its request on the same SPA concluded in April 2015 between RCS&RDS and Lufusions s.r.o., a subsidiary of Lama Energy Group Czech-based holding.

In its new claim in front of VIAC, Yolt Services s.r.o. requests RCS&RDS to pay approximately EUR 1,9 million together with the accrued default interest and other costs as indemnity under the SPA for tax claims (for the years 2010, 2014 and 2015) and compensation for other losses related to the indemnity claims, such as legal costs, advisors' costs and experts'/consultants' fees (around EUR 76,000 incurred until 29 January 2021).

We deem the claimant' claims as ungrounded and abusive, while some of them are either statute barred or do not meet the conditions for indemnification under the SPA.

On 30 April 2021, RCS & RDS filed the Answer to the Stateement of Claim, according to the Vienna Rules 2018.

As a result of the constitution of the Arbitral Tribunal, the arbitration calendar has been established according to the Procedural Order no. 1, the written phase will take place between 15 November 2021 and 21 February 2022, and the oral pleadings will take place between 4 and 5 April 2022 in Vienna.

On October 7, 2021, Yolt Services s.r.o. amended its arbitration claim, requesting damages also for the years 2012 and 2013, respectively CZK 13,415,090 plus penalties (CZK 2,683,013) and interest (which have not yet been determined by the tax authorities) – 2012, as well as CZK 8.995.792 plus penalties (CZK 1.791.158) and interest (which have not yet been determined by the tax authorities) – 2013.

At the same time, the plaintiff amended his claims for 2010, out of the initial amount of CZK 29,480,140, requesting only the amount of CZK 13,826,056, for which it also requests late payment penalties and interest.

Last but not least, the plaintiff also updated his costs with the tax consultants by the amount of CZK 207,000 (excluding VAT) for the additional costs incurred since January 2021 – in total, the amount of CZK 2,199,950 plus interest.

Therefore, up to this date, Yolt Services s.r.o. requests in total: CZK 118,143,389 (aprox 4.8 million EUR equivalent), out of which CZK 54,514,822 (as principle for the years 2010 – 2015, including the costs with the tax consultants), as well as penalties calculated until the date of the request of CZK 63,628,567.

On all these amounts, Yolt also asks for interest, which has not been determined up to this moment.

We deem the claimant' claims as ungrounded and abusive, while some of them are either statute barred or do not meet the conditions for indemnification under the SPA.

Reassessment by the Hungarian Competition Authority of limited aspects in connection with the Invitel acquisition

In connection with the decision issued by the Hungarian Competition Authority (Gazdasági Versenyhivatal – "**GVH**") in May 2018 (the "**Initial Decision**") approving the acquisition by our Hungarian subsidiary – DIGI Távközlési és Szolgáltató Kft. ("**Digi HU**"), as the purchaser, of shares representing in total 99.998395% of the share capital and voting rights of Invitel Távközlési Zrt. ("**Invitel**") from Ilford Holding Kft. and InviTechnocom Kft., acting as sellers (the "Transaction" – the completion of which we have disclosed to the market on 30 May 2018), on 14 November 2018, the GVH issued several decisions whereby it formally withdrew the Initial Decision and it opened a new investigation ("**New Procedure**") for reassessing limited aspects in connection with certain settlements where i-TV Digitális Távközlési Zrt. ("**i-TV**" – one of Digi HU's subsidiaries in Hungary, representing a minor part of its business) and Invitel overlap. For the duration of the New Procedure, Digi HU's ownership and control over Invitel was not affected.

17. GENERAL COMMITMENTS AND CONTINGENCIES (CONTINUED)

GVH’s stated reason for withdrawing the Initial Decision is based on allegations that Digi HU has failed to proactively comment during the initial assessment on certain data regarding the territorial scope of certain telecommunications services provided by i-TV, which has been used by the GVH in its Initial Decision. On that basis, the GVH also imposed a fine on Digi HU of approximately EUR 260,000 (HUF 90,000,000). In December 2018, we have challenged in a competent Hungarian court parts of the GVH’s decision alleging Digi Hu’s failure to act in a certain manner, as well as the size of the fine. The court of first instance (i) reduced the fine imposed on DIGI HU by the GVH from HUF 90,000,000 (approximately EUR 260,000) to HUF 45,000,000 (approximately EUR 130,000). (ii) confirmed the authority’s decision regarding DIGI HU’s liability for failure to proactively comment on certain data regarding the territorial scope of certain telecommunications services provided by i-TV, but also ruled that (iii) the Initial Decision was adopted not only because of Digi HU’s conduct, but also that GVH had failed itself to properly gather the necessary information at the time of the evaluation leading to the Initial Decision, which was not exclusively due to Digi HU’s failure to proactively act in the required manner. GVH filed an appeal and Digi HU filed a cross-appeal against the court’s decision. The judgment of the Curia approved the first instance decision and confirmed the reasoning according to which GVH should have requested confirmation with respect to the data on which it based its Initial Decision. The judgment is final and binding.

Although we continue to strongly believe that Digi HU fully cooperated during the initial procedure by providing complete and accurate information, and that GVH’s decision to withdraw the Initial Decision and to apply a fine is incorrect, in order to address GVH’s concerns in connection with the Transaction in the context of the New Procedure, in consultation with GVH Digi HU proposed as remedial measure sale by Invitel to a third party of its operations in 14 Hungarian settlements and parts of its network in the Szeged settlement that overlapped with DIGI Hungary’s own network there, the underlying sale and purchase agreement having been executed on January 9, 2020. Following the proposal of this remedial package, on March 18, 2020 GVH authorised again the Transaction, subject to fulfilment of the remedial measures within three months as of the communication of its approval issued in the New Procedure.

By way of its decision, the HCA amended the final decision issued in the case. The reason for this was that one of the i-TV overlapping settlements was incorrectly included in the final decision, which fact, however, did not affect the merits of the case. As a result of this incorrect data, the HCA also imposed a fine of HUF 20,000,000 (approximately EUR 58,000) on DIGI HU. DIGI HU challenged the order with respect to the imposition of the fine before court. In its judgment, the court rejected DIGI HU’s statement of claim, and DIGI decided not to file a request for the extraordinary revision of the final and binding judgment.

The HCA initiated a follow-on investigation with respect to the fulfillment of the conditions and obligations imposed on DIGI HU, which is currently pending. For alleged belated response to the first HCA questionnaire, the HCA imposed a fine of HUF 10 million on DIGI HU. DIGI HU appealed against the order imposing a fine. On June 7, 2021, the HCA accepted our appeal and annulled the order imposing the fine of HUF 10 million on DIGI HU. In its reasoning, the Competition Council held that even though limited fault can be established on the part of DIGI HU, procedural errors on part of the investigators mean that DIGI HU may not be held liable for the belated response.

Dispute with the Hungarian National Media and Telecommunication Authority („NMHH”) relating to its refusal to allow the Company to participate in an auction for mobile telecommunication frequencies in Hungary

On September 13, 2019, the NMHH issued an order refusing to allow the Company to participate in a public auction for the acquisition of mobile telecommunication frequencies in Hungary, which we intended to use in the development of our mobile telecommunication network in the country.

The main argument of the NMHH was that the Company did not actually intend to participate in the auction procedure in good faith as, allegedly, its bid was merely a way to avoid potential disqualification had the bid been submitted by DIGI HU. In turn, as NMHH alleged, DIGI HU would not have been allowed to participate in the first place as a consequence of its alleged violations during Invitel’s acquisition, a review of which is pending. The NMHH erroneously alleged that, had the bid been successful, the Company would not have been able to provide mobile telecommunication services in Hungary because it was not a registered service provider and did not have sufficient infrastructure and frequency bandwidth.

17. GENERAL COMMITMENTS AND CONTINGENCIES (CONTINUED)

The Company challenged the NMHH's order to the President of NMHH. As it stated in the appeal, the NMHH's order had been rendered based on subjective allegations, rather than objective grounds and applicable procedural requirements. We believe that the Company met all applicable requirements of the auction documentation and there are no objective grounds to refuse its registration as a participant in the auction. The Company had acted in good faith and had not, and had no intention to, mislead the NMHH. Furthermore, we believe that even if the bid was submitted by DIGI HU, there were no formal grounds to deny its registration as a participant.

While our appeal to the President of the NMHH was pending, the auction procedure was suspended. On November 27, 2019, the appeal was rejected on similar reasoning stated in the initial order. On November 29, 2019, we appealed that decision to the competent Hungarian court, the Metropolitan Court of Budapest.

We also filed for injunctive reliefs to suspend the auction pending judicial review of our claims three times, which were rejected both by the first and the second instance courts.

By way of its judgment issued on November 4, 2020, the Metropolitan Court of Budapest rejected DIGI NV's statement of claims. The first instance court established that the procedural rules of the 5G auction were in line with the applicable statutory rules and the NMHH lawfully rejected DIGI NV's registration in the auction.

The case went on to the second instance since DIGI NV filed an appeal against the judgment with the Curia on November 19, 2020. The Curia held the hearing in the case on 14 January 2021, at which it closed the case and scheduled the announcement of the second-instance and final judgment to February 4, 2021. On February 4, 2021, the Curia announced its judgment by way of which it upheld the first instance judgment and thus rejected the Company's statement of claims. The Curia's judgment is final and binding and it was delivered to the Company in writing on March 8, 2021.

The Company filed a complaint for legal unity on April 7, 2021 against the judgment, and also a constitutional complaint on May 7, 2021 and the latter proceedings are pending. The complaint for legal unity was rejected, the Company decided to file another constitutional complaint in this respect, this second Constitutional Complaint was filed on July 9, 2021.

Furthermore, on April 16, 2020, we filed a statement of claim requesting the Metropolitan Court to annul NMHH's decision on the merits of the case issued on April 1, 2020 which was forwarded by NMHH to the court. Magyar Telekom joined the court proceedings as an intervenor in favor of NMHH. At the court hearing of January 13, 2021, the Metropolitan Court requested the Plaintiff to file a preparatory brief in connection with its standing. In addition, it scheduled the next court hearing in the case to 31 March 2021. According to the Metropolitan Court's warrant served to the Company on 25 March 2021, the hearing was cancelled due to the COVID situation. The Metropolitan Court added that holding further hearing is not necessary to bring their verdict in the case, so they will announce the verdict without a hearing. We filed a further submission on April 6, 2021 arguing our standing as plaintiff in the proceedings, with special respect to EU case-law. On May 18, 2021 the Metropolitan Court of Budapest suspended its proceedings in connection with DIGI NV's challenge of the 5G award decision and referred the case to the Court of Justice of the European Union. The questions raised are in connection with the standing of DIGI NV as plaintiff in the court proceedings, i.e. as to whether or not DIGI NV may at all challenge the NMHH's 5G award decision, since it was not an addressee of such decision. We've been served with the request for a preliminary ruling on July 21, 2021, alongside which we were also informed by the Court of Justice of the European Union that we may put forward our written observations within 3 months and 10 days as of the date we've been served with the request. DIGI NV has filed its written observations with the European Court of Justice on October 29, 2021.

In addition to the above, there are two court proceedings pending with respect to NMHH's rejections of our requests to access the case file of the auction procedure. The court of first instance dismissed our actions in both cases on December 23, 2020. The Company filed requests for the extraordinary revision of such judgments. In one of the cases, the Curia admitted the request and decided to examine it on the merits, while in the other case, the Curia found the request inadmissible. On June 3, 2021, we received the judgment of the Curia in respect of the case where our request was examined on the merits, in which the Curia decided to uphold the first instance decision.

17. GENERAL COMMITMENTS AND CONTINGENCIES (CONTINUED)

On May 15, 2020 we received the judgment of the Metropolitan Court with respect to the Company's statement of claim regarding the denial of access to the notice of public interest which was filed in the auction procedure and which was referred to by NMHH in the order refusing the Company's registration in the auction procedure. It annulled NMHH decision and established that the Company would have been entitled to access the non-confidential version of the notice of public interest. The court ordered the NMHH to commence administrative proceedings and allow access for the Company to the case file. As a result, the Company could access the non-confidential version of the notice of public interest in July 2020.

Dispute with the National Authority for Consumer Protection („NACP") in relation to 2019 increases of our tariffs in Romania

In the beginning of 2019, RCS&RDS increased certain tariffs charged to Romanian customers for electronic communication services. In April and May 2019, the NACP carried out a review of those increases (along with their review of prices charged by our competitors), as a result of which it issued a minute sanctioning RCS&RDS with a fine of RON 70,000 for allegedly having violated the law in so increasing the tariffs. According to the NACP, those increases were the result of RCS&RDS transferring to its customers the costs that had increased on account of the costs imposed by the law, the authority making reference to the emergency Government Ordinance no.114, dated December 28, 2018. The NACP also ordered RCS&RDS the termination of the allegedly unfair commercial practice which can result in the reverse of the price increases.

We believe that the NACP's minutes and order are entirely without merit as (i) the disputed tariff increases were in no way unlawful; and (ii) there were solid economic reasons therefor, which were not related to additional costs imposed by legislation changes. In particular, from 2009 to 2019 RCS&RDS did not increase the main prices for its electronic communication services; therefore the 2019 increases were the function of economic developments over the past 10 years (such as increases in operational costs (including wages), significant depreciation of the RON against the EUR and the USD, significant inflation and a series of changes in VAT rates, among others), as well as very significant investments by the RCS&RDS in the development of its services. As a private company operating in a competitive market environment, the RCS&RDS is entitled by law to direct its own pricing policy.

On June 14, 2019, RCS&RDS appealed the NACP's minutes to a Romanian court of the first instance (thereby suspending their application). The appeal was granted on November 18, 2019, under which the court cancelled the minutes. The NACP filed an appeal against the judgement. On 27 October 2020, the court dismissed the appeal filed by the NACP. The decision is definitive.

On July 18, 2019, RCS&RDS filed for injunctive relief requesting that the NACP's order be suspended. The injunctive relief was granted on August 9, 2019, but was appealed by the NACP. On the 3rd of June 2020, the court dismissed the appeal filed by the NACP.

On September 26, 2019, RCS&RDS filed to a Romanian court of the first instance a substantive appeal against the NACP's order itself. At the hearing from March 17, 2020 the first instance scheduled the issuance of the decision on the substantive appeal for March 25, 2020.

On 22 April 2020, the first court admitted RCS&RDS claim and annulled the NACP order. On 14 May 2021, NACP appealed the decision of the first court. The High Court of Cassation and Justice established the first hearing for 6 December, 2022.

18. SUBSEQUENT EVENTS

On October, 27, 2021, the Portuguese Authority for Telecommunications (ANACOM) finalised the auction which began on December 22, 2020, for the allocation of the frequency user rights in the 700 MHz, 900 MHz, 1800 MHz, 2.1 GHz, 2.6 GHz and 3.6 GHz bands. ANACOM designated the Group's Portuguese subsidiary, Dixarobil Telecom, Sociedade Unipessoal, Lda. (Dixarobil) as winner of the frequency user rights in the 900 MHz (2x5 MHz), 1800 MHz (2x5 MHz), 2.6 GHz (2x5 MHz FDD and 25 MHz TDD), 3.6 GHz (40MHz) bands. The total price of the frequency user rights is EUR 67.34 million.

For developments in legal proceedings in which the Group was involved (both as a plaintiff and a defendant), subsequent to 30 September 2021, please refer to Note 17.

(all amounts in EUR '000, unless specified otherwise)

19. EBITDA

In the telecommunications industry the benchmark for measuring profitability is EBITDA (earnings before interest, taxes, depreciation and amortization). EBITDA is a non-IFRS accounting measure.

For the purposes of disclosure in these notes, EBITDA is calculated by adding back to consolidated operating profit/(loss) our charges for depreciation, amortization and impairment of assets. Our Adjusted EBITDA is EBITDA adjusted for the effect of non-recurring and one-off items.

	Three months ended 30 September 2021	**Three months ended 30 September 2020**	**Nine months ended 30 September 2021**	**Nine months ended 30 September 2020**
Revenues and other income	**368,438**	**327,559**	**1,063,238**	**950,596**
EBITDA				
Operating profit	39,592	47,943	108,641	122,731
Depreciation, amortization and impairment	96,115	74,843	278,012	227,885
EBITDA	**135,707**	**122,786**	**386,653**	**350,616**
Other income	-	-	-	(1,153)
Other expenses	30	320	342	3,510
Adjusted EBITDA	**135,737**	**123,106**	**386,995**	**352,973**
Adjusted EBITDA (%)	*36.84%*	*37.58%*	*36.40%*	*37.13%*
Adjusted EBITDA excl. IFRS 16	**114,295**	**106,399**	**324,886**	**299,704**
Adjusted EBITDA (%)excl. IFRS 16	*31.03%*	*32.48%*	*30.56%*	*31.53%*

For the three months period and the nine months period ended 30 September 2021, other expenses include expenses related to share option plans vested and are expected to be one-time events.

For the nine months period ended 30 September 2020, other income is related to share option plans vested and are expected to be one-time events in amount of 1,153 EUR.

For the nine months period ended 30 September 2020, other expenses include the net result from the sales of Invitel's operations in selected locations in amount of EUR 3,510, and other expenses related to share option plans vested and are expected to be one-time events in amount of 320 EUR.

(all amounts in EUR '000, unless specified otherwise)

19. FINANCIAL INDICATORS

Financial Indicator	Value as at 30 September 2021
Current ratio	
Current assets/Current liabilities	0.37
Debt to equity ratio	
Long term debt/Equity x 100 (where Long term debt = Borrowings over 1 year)	221%
Long term debt/Capital employed x 100 (where Capital employed = Long term debt+ Equity)	69%
Trade receivables turnover	
Average receivables/Revenues x 270	38.97
Non-current assets turnover	
(Revenues/Non-current assets)	0.61

The condensed consolidated interim financial report was issued on 12 November 2021.

On behalf of the Board of directors of Digi Communications N.V.

Serghei Bulgac,
CEO

Valentin Popoviciu,
Executive Director