# PLT VII FINANCE S.à r.l.

**ANNUAL REPORT**
FOR THE YEAR ENDED 31 DECEMBER 2023

**R.C.S. LUXEMBOURG**: B242945

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## CONSOLIDATED MANAGERS' REPORT

***General information***

PLT VII Finance S.à r.l. (**'the Company'**) was incorporated on 3 March 2020 in Luxembourg as a private limited liability company (*société à responsabilité limitée*). The registered address of the Company is at 49, Boulevard Royal, L-2449 Luxembourg, the Grand Duchy of Luxembourg. The Company is registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des sociétés, Luxembourg)* under number B242945.

The sole shareholder of the Company is PLT VII Holding S.à r.l., registration number B242838, a private limited liability company with registered address at 18 rue Dicks, L-1417 Luxembourg, the Grand Duchy of Luxembourg. The ultimate parent entity and controlling parties of the Company are Providence Equity Partners VII-A LP and Providence VII Global Holdings LP which are both registered in the Cayman Islands.

The Company is the sole shareholder of PLT VII International S.à r.l. incorporated on 3 March 2020 in Luxembourg as a limited liability company (*société à responsabilité limitée*), with registered address at 18 rue Dicks, L-1417 Luxembourg, the Grand Duchy of Luxembourg. PLT VII International S.à r.l. is registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des sociétés, Luxembourg)* under number B243024.

The main activities of the Company are holding and finance activities. The Company manages and controls the group of entities in the Baltic States, which operates in mobile and fixed telecommunication, PayTV and media sectors. As of 31 December 2023, the group (further – **'the Group'**) consisted of the Company, the direct subsidiary PLT VII International S.à r.l. and its subsidiaries. The full list of direct and indirect subsidiaries of the Company is provided in note 11.

The Group's Telco Lithuania and Latvia businesses provide mobile and fixed telecommunication services and PayTV services to customers in Lithuania, Latvia, and Estonia.

The Group's media and content business includes the media operations in Lithuania, Latvia, and Estonia, i.e., TV, commercial radio, streaming radio, video on demand, news, and entertainment portals advertising services, as well as content production and distribution services.

In addition to its primary businesses the Group sells various equipment to support its above-mentioned services to customers.

The Notes to the consolidated financial statements provide more information about the structure of the Company and its subsidiaries, the sectors in which Group operates and the products it offers.

The Group is not involved into research and development activities and as such does not have to separately report in this respect.

There were 2,555 employees in the Group as of 31 December 2023 (2022: 2,681 employees). As of 31 December 2023, the number of employees included:

- 514 technology-based employees,
- 1,440 marketing, customer service and sales representatives,
- 270 content-related employees and
- 331 employed in all other areas.

The key management of the Group are as follows:

- PLT VII Finance Sarl Board of Directors,
- The Supervisory Council members,
- The Group Chief Executive Officer, the Group Chief Financial Officer, the Group Chief Technology Officer, the Group Sales Director and the Group Chief Procurement Officer,
- The Chief Executive Officer ('**the CEO**') in Bitė Lietuva UAB, the CEO in Bite Latvija and TV3 Group CEO.

***Acquisitions in 2023***

On 25 January 2023, the Group subsidiary All Media Lithuania UAB signed an agreement regarding the shares purchase of M-1 Group. The Lithuanian regulatory authorities disapproved the business acquisition and issued an official opinion which was received on 19 September 2023. This has terminated any further developments on M-1 Group purchase.

***Group restructurings in 2023***

During 2023 the Group was involved in various Group restructuring processes.

On 1 January 2023 the Group subsidiaries All Media Digital OÜ, Mediainvest Holding AS, Buduaar Media OÜ, Artist Media OÜ were reorganized by merging with All Media Eesti AS, which took over all their rights and obligations, assets, and liabilities. All Media Digital OÜ, Mediainvest Holding AS, Buduaar Media OÜ, Artist Media OÜ ceased to exist.

On 1 April 2023 the Group subsidiary Mezon UAB was reorganized by merging with Bitė Lietuva UAB, which took over all of their rights and obligations, assets and liabilities. Mezon UAB ceased to exist.

On 1 September 2023, the Group subsidiary Bitė Lietuva UAB has completed its legal spin-off process by separating group management & centralized services into two new management (holding) companies – Bitė group UAB and All Media Group UAB. Both new holding companies were established by legally separating them from Bitė Lietuva UAB, whereas Bitė Lietuva UAB itself continues all its telecommunication activities in Lithuania after the spin-off.

In addition to the above, to finalise the re-grouping of subsidiaries into separate legal subgroups, corresponding to the Group's main businesses – Telecommunications and Media and Content, the shares of remaining after spin-off company Bitė Lietuva UAB have been sold to Bitė group UAB and shares of TeleTower SIA were sold to TeleTower UAB on 15 September 2023. With these legal actions the Group has completed the group structural changes and has internally formed business segments for Telecommunications (including Telecommunication infrastructure companies), managed and controlled by Bitė group UAB and Media and Content, managed and controlled by All Media Group UAB.

The above legal changes in the structure of the Group do not affect the activities carried out by any other individual company in the Group, neither it has impacted the Group financial consolidated results.

***Group's activities in 2023***

In 2023, contrary to the forecasts of many economists and institutions, the region experienced negative GDP growth, accompanied by a rapid decline in inflation and a resilient labour market. Despite the unfavourable economic conditions, the Group consistently delivered strong financial results. Service revenue and EBITDA for the Group grew by mid to high single digits, driven by growth across all key services: Mobile, FBB and Pay TV, and Media. The primary growth drivers included:

- RGU's growth.
- Implementation of multiple price revisions across services and customer segments.
- Increased demand in media advertising business.

Throughout 2023, the Group maintained its focus on achieving a leading position in the region's Pay TV services market. The primary growth driver in this sector remained the Over-the-Top (OTT) service Go3, which now boasts over 500 thousand subscribers. The original Group VOD content, robust linear channels, and a diverse sales channel mix have propelled the Group's Go3 service to become the fastest-growing Pay TV service in the region, driven by both organic growth and gains from existing subscribers.

The growth of ICT and IoT services remained solid, with revenue from ICT experiencing low to mid double-digit growth due to robust infrastructure and expanded cloud and hosting services. The deployment of smart metering solutions based on Narrowband NB-LTE/CAT-M network technologies enabled the Group to connect over 1 million IoT smart meters, maintaining an undisputed leading position in smart metering solutions for utilities businesses.

The Group continued to consolidate previously acquired businesses by completing the integration of Mezon UAB and initiating the integration of Baltcom SIA into Bite Latvija SIA. These efforts resulted in increased efficiency, reducing the Group's FTE count by 150 employees.

The rollout of 5G networks continued at a fast pace in both markets, with over 700 active base stations in Lithuania and Latvia. Total 5G traffic reached 15% of all network data traffic. Additionally, the commercial strategy of offering fast 5G FWA Home and Office internet services was scaled, attracting 30,000 5G FWA RGUs in less than a year since launch. The Group also continued to transition from Huawei infrastructure to Ericsson and Nokia solutions in both markets.

Investments in cybersecurity were further prioritized, reaching level 4 based on FTI company security evaluations.

The Group also increased its focus on Environmental, Social, and Governance (ESG) activities, exceeding SBTi approved science-based target trajectory. The Group committed to a long-term CSR strategy, initiating partnerships with Lithuanian and Latvian Paralympic committees, and pledging to support them with over 1.5 million euros over the next four years.

**Telco Lithuania**

Despite the challenging macroeconomic and geopolitical environment that led to general inflation and higher interest rates for EURIBOR by the EU central bank, Bitė Lietuva achieved strong financial performance in EBITDA, revenue, and efficiently managing business costs. Bitė Lietuva leveraged its 5G capabilities to offer premium products and services for the small screen and 5G home/office internet segments. It continued OTT/MBB/Voice portfolio up-sell and cross-sell activities for the existing customer base. Furthermore, some transactional fees (SIM fees, temporary suspensions, SIM renewals), and DTH and ICT services monthly fees revisions contributed to higher gross margins. In the first half of the year, we completed the integration of Mezon UAB. The successful closure of Mezon UAB with all its customers and related assets (spectrum, Network infrastructure) migration to Bitė Lietuva was one of the key achievements of 2023 and allowed quick 5G development across the country. In the second part of 2023, Bitė Lietuva introduced new products – internet security+, lost revenue insurance, home internet router device rent, BITE/Go3 product enrichment (HBO package) which were well accepted by the market and our customers.

In 2023, Bitė Lietuva had a strong focus on NPS improvement and enhancing customer experience and customer service across the whole organization. These include:

- Establishing new customer service guidelines for the organization.
- Launching the "Happy because grateful" campaign to promote customer appreciation for good service.
- Expanding the PROFAS services to all our outlets and digital channels.
- Offering 5G free trials for customers with compatible devices.

Additionally, Bitė Lietuva has adopted a new CSR direction that focuses on empowering people with disabilities to achieve remarkable results. We signed four-year partnership agreement with the Lithuanian Paralympic committee and will collaborate with TV3 Lithuania to increase the social inclusion of people with disabilities through awareness of their achievements in professional and non-professional sports.

According to the employee engagement study for Bitė Lietuva in 2023, the majority of employees (69%) reported a high level of satisfaction and commitment to their work at BITE. This result places BITE among the leading companies in Lithuania in terms of employee engagement.

Some remarkable achievements and milestones in the technology area are:

- The best average 5G download speeds in Lithuania (275.6Mbps) according to the measurements of the Lithuanian National Communication Regulator for the year 2023, which reflects our 5G development strategy focused on covering populated areas with high-speed 5G and ability to compete with fixed providers for home internet and TV services.
- More than 1 million IoT devices connected to our NB-LTE/CAT-M network, which shows our undisputable leadership in the whole Baltic region.
- During the whole of 2023, we installed 455 new 5G sites and reached ~60% of Lithuania's population.
- Voice-over-WIFI (Vo-WIFI) launch. The functionality improves voice quality in the locations covered with WIFI but lacking cellular network coverage. It brings a quick way to add coverage for voice services by reusing existing (or new) WIFI infrastructure which is significantly more cost-effective than indoor radio solutions based on cellular 2G/3G/4G technologies.
- The successful launch of VoLTE roaming between Bitė Lietuva and ELISA Finland and Estonia, which enables high-quality voice calls over LTE networks across the three countries. This launch is the first step for expanding VoLTE roaming footprint worldwide with the focus on USA and EU mobile network operators. VoLTE roaming will deliver HD voice quality and cost savings due to voice delivery over IP networks.
- The official 5G speed record in Lithuania (2679Mbps), which proved 5G technology capabilities in a live and crowded environment.

In addition to technology achievements, Bitė Lietuva got several awards and recognitions, such as: Leader of Innovation Y2022 by Lithuanian Business Confederation, Second-best technology sector company in Lithuania for Y2022 by the prestigious business portal "Verslo Žinios", HR Brilliance awards (London, UK) – Diversity and inclusion (Y2023 Silver Award), Recruitment and Retention (Y2023 Silver Award), PR Impact awards 2023 – Leadership communication (winner).

**Telco Latvia**

2023 was a year of fundamental network modernization. After receiving permission from the NRA to share 3.6GHz 5G frequencies with the Group's company Unistars SIA, Telco Latvia started a speedy rollout of the 5G network and during the year built more than 320 5G base stations, which provide fiber-speed wireless internet to more than 50% of Latvia's population. At the same time network modernization was in progress and in 2023 more than 280 base stations were upgraded from old Huawei to state-of-the-art Ericsson equipment, providing 10% better coverage and up to 30% increased speeds for existing customers. In 2023 45 totally new base stations were built in locations without proper network coverage and this brough the total number of base stations to 1028. Based on data from the internet speeds measurement company OOKLA, Telco Latvia had the highest average internet speed and the best mobile consistency among all mobile operators at the end of 2023. In 2023 Telco Latvia launched HD quality voice-over-LTE (VoLTE) technology, which provides higher quality voice calls and works on LTE/5G network. By the end of the year, more than 40% of all customers were using this technology and experiencing better quality voice calls.

Telco Latvia also introduced several new products for both consumer and business customers in 2023. These included 5G Home/Office internet plans, 5G WTTX (guaranteed speed internet) service for businesses, an upgraded Internet security service called Antivirus Plus, lost revenue insurance service, and an enhanced Go3 TV service (including an HBO package) for all customers.

Furthermore, Telco Latvia continued to cross-sell its customer base with mobile, fixed TV, and IoT products. Business customers were offered upsold ICT solutions, including cloud services, direct internet, VPN, WTTX (guaranteed speed internet on wireless networks), and security products. The latter half of the year saw successful price revisions for both consumer and business customers. Telco Latvia also introduced an automatic tariff plan renewal mechanism, reducing the need for human resources to execute contract renewal processes.

To increase traffic in Telco Latvia's shops, digital channels, and call center, additional investments were made in advertising, resulting in a significant increase in SOV to more than 25% in the market and higher customer flows.

Workforce optimization efforts allowed for a 10% optimization, with saved resources being reinvested into salary reviews to address gaps identified by market analysis.

Employee engagement remained stable, outperforming the overall telco and IT market by 11 points in 2023. Internal NPS of Telco Latvia products and Telco Latvia as a service provider among employees improved substantially. Additionally, Telco Latvia was recognized as one of the TOP50 Inspiring workplaces globally in 2023.

In 2023 external NPS improved by 16 points, due to focus on network perception improvement, customer care and experience improvements.

End of 2023 the Group reviewed CSR (part of ESG) strategy and defined focus of it on empowering people with disabilities. As part of strategy execution, Telco Latvia together with TV3 Latvia signed a 4-year partnership deal with the Latvian Paralympic Committee to provide financial support and media coverage.

**Media & Content**

During 2023, despite the challenging macroeconomic environment, the Group's media and content business performance was strong. Media advertising revenue year-over-year (YoY) grew across all Baltic countries, mainly driven by TV advertising and radio sales. Additionally, Free TV operations in Lithuania placed a high focus on the local online portal, tv3.lt, which continued to excel, solidifying its position as the #2 online news portal in Lithuania based on daily users for 11 out of 12 months. This achievement is important in capturing and sustaining audience interest in local news not only on traditional TV broadcasting but across different platforms, including the digital segment.

The Group's media and content business continued to expand its own-produced assets and investment into original content dedicated for both Free TV (FTV) and Pay TV (PTV) platforms. Original content serves as the backbone of the TV schedule for linear broadcasting channels as well as a key element for the OTT streaming solution, which supports high viewership across media assets. In addition to this, a new partnership agreement was signed with HBO, expanding international content even more and adding to brands such as Paramount+ and Discovery that are already available on the OTT streaming platform Go3.

The Group's main portfolio channel, TV3, maintained its number 1 commercial channel position in Latvia, while in Lithuania, it has held this position for 20 years in a row.

**Sustainability - ESG**

In 2023 the Group presented ESG progress in the third sustainable business report. It includes a comprehensive evaluation of how well the Group has coped with the management, social and environmental challenges faced in 2022. The report provides a comprehensive review of the Group's actions and the impact the operations had on the environment, communities, customers, and employees. The report also examines how the Group is coping with various challenges when responding to climate related risks. The Group outlines steps which are being taken to further strengthen approach to ESG and sustainability. It also lays down ambitious plans for the future, including a commitment to the Business Ambition for 1.5 °C and long-term Net-Zero target in order to mitigate climate change, and achievements pursuing this commitment.

The Senior Management Team of Group has full oversight over ESG-related risks and opportunities. The team's primary role is developing, approving, and updating the organization's purpose, value and mission statements, strategies, policies, and goals related to sustainable development. It is the responsibility of the Senior Management Team, the Audit Committee, and the Supervisory Council, which oversees the organization's due diligence and other processes, to identify and manage the Group's impacts on the economy, the environment, and people. The Senior Management Team engages with and receives regular feedback from key stakeholders – customers, employees, suppliers, governments, society and investors. The primary role of the governance bodies is to review the effectiveness of the Group's processes on a regular basis. It is the responsibility of the Senior Management Team, the Audit Committee, and the Supervisory Council to approve the Group's sustainable development activities. With the consent of these governance bodies, the Group has assigned specific ESG-related responsibilities to certain management-level positions. The Group's management appointed a member of the Senior Management Team, who is the CFO of

BITĖ Group, as the person responsible for ESG sustainability strategy and appointed an ESG Officer as well. These management positions report to the Audit Committee and their roles include assessing and managing ESG-related issues. ESG targets, including climate-related issues, are incorporated into the monitoring of the Group's strategic performance. The ESG Officer provides regular updates on ESG targets to the Audit Committee and the Supervisory Council of the Group. The Supervisory Council and the Audit Committee review economic, environmental, and social topics, including impact, risks, and opportunities, at least annually. The Supervisory Council and the Audit Committee also review and approve the organization's Sustainability Report and ensure that all material topics are covered.

The Group is a member of the UN Global Compact. The Group voluntarily participated in an Early Adopters programme by disclosing our achievements through an enhanced Communication on Progress (CoP) digital platform. The CoP is the UN Global Compact's annual disclosure mechanism and platform for business participants to report their progress toward the Ten Principles and the Sustainable Development Goals (SDGs). The CoP is a key component of UN Global Compact participants' commitment to accountability and transparency. The submission of the Group's 2023 CoP is publicly available on BITĖ Group's participant profile.

In 2023 the Group launched a new long-term social responsibility strategy "Superpower connects" aiming to help people with disabilities, noting not their weaknesses, but strengths. Several programs were launched to foster inclusion of people with disabilities, create value and connection with our employees. The Group is committed to take actions that advance societal goals and contribute to good corporate citizenship and sustainable growth through responsible and creative leadership.

The Group calculates the GHG emissions for the complete value chain of the Group companies across the Baltic states. The Group committed to achieve Science Based Targets by joining the Business Ambition for 1.5 °C. The following targets are validated by the SBTi:

- The Group commits to reduce absolute Scope 1 and 2 GHG emissions by 42% by 2030 from a 2020 base year.
- The Group also commits to reduce Scope 3 GHG emissions from purchased goods and services, capital goods and the use of sold products by 51.6% per service subscription within the same timeframe.

The Group is progressing faster than necessary to decarbonize, managing to achieve a year-on-year reduction of absolute Scope 1 and 2 GHG emissions by sourcing renewable energy in its own operations. According to data compiled and published in 2023, the Group successfully reached its commitment for scope 3 GHG emissions reduction intensity target in the committed scope 3 categories and achieved a reduction of 8.52%. In 2023 the Group committed to the SBTi Net-Zero Standard and to setting a robust emissions reduction target at the pace and scale required by climate science. The main strategy to decarbonise at the pace necessary to align with the science-based trajectories is by taking simultaneous, vigorous, and urgent actions in the following fields:

- Continued implementation of energy-efficiency plans – annual renewal of energy efficiency ISO50001 was completed in 2023.
- Switch to renewable electricity supplies – The Group renegotiated a long-term contract for the purchase of the renewable electricity and concluded Renewable energy certificates (RECS) trade agreement for single or multiple deliveries of certificates to reduce non-renewable energy part in our value chain.
- Encouraging carbon consciousness among suppliers and end-users – Supplier Code of Conduct was implemented, and cooperation continued with the key suppliers to reduce Scope 3 emissions.
- The Group has adopted an Employee Code of Conduct which lists the principles to be followed in practice to maintain the values and standards of the Group.

The Group provides services that assist our customers in reducing their GHG emissions. Our services help our customers and society to act effectively and reduce their environmental impact, for instance by reducing the need for travel through digital services, ICT, IoT, mobile signatures and e-shops. Smart solutions for remote water supply meters are contributing to the saving of natural water resources. By winning a smart metering tender for heating systems, we became the leader of IoT solutions in Lithuania and the region. One important step in enhancing the circular economy is the development of device rental service. The Group does not quantify the offset of the emissions generated by our sustainable products. However, we firmly believe that our mission to make peoples' lives easier by providing smart solutions for everyday life is contributing to our shared responsibility to protect the planet, the environment, and the climate.

***Financial overview***

*Key Factors Affecting the Financial Condition and Results of Operations*

The Group's performance and results of operations have been and will continue to be affected by many factors, including external factors. Certain of these key factors that have had, or may have, an effect on Group's results is set forth below. For further discussion of some of these factors affecting results of operations, see Risk management and financial instruments.

The main KPIs are as follows:

| Non-IFRS measures*** | 2023 | 2022 |
|---|---|---|
| **RGUs*, end of year in thousands** | | |
| Mobile services Lithuania**** | 1,212 | 1,147 |
| Mobile services Latvia**** | 554 | 565 |
| Fixed broadband**** | 336 | 324 |
| PayTV | 821 | 786 |
| **Total** | **2,923** | **2,822** |
| | | |
| **ARPU**, per month in EUR** | | |
| Mobile services Lithuania**** | 10.5 | 10.7 |
| Mobile services Latvia**** | 11.8 | 11.1 |
| Fixed broadband**** | 13.6 | 11.8 |
| PayTV | 8.0 | 7.5 |

* The Group counts each subscriber as a separate RGU for each of the mobile, PayTV and fixed broadband service. Total RGUs are, therefore, not equal to the total number of subscribers. RGUs count do not include M2M and IOT RGUs. For example, one subscriber who receives handset mobile services and mobile data services over the network and subscribes to PayTV service is counted as two RGUs, and one subscriber who receives handset mobile services, mobile data services, PayTV and OTT services over the network is counted as three RGUs.

** ARPU is a measure the Group uses to evaluate how effectively the potential revenues from subscribers of various services are realized. ARPU is calculated by adding together, for each month in a given period, the total subscription-related revenues for that particular month divided by the average number of RGUs for that period.

*** Not audited figures.

**** In the second quarter of 2023, after introducing the 5G Home Internet (Fixed Wireless Access – FWA) service to the customers, the Group is reporting the FWA (both 5G and 4G) revenues and RGUs in the Fixed Broadband segment. Previously 4G FWA services were reported under Mobile Services, therefore 31 December 2022 RGUs and 2022 year-to-date ARPU amounts were reclassified to be comparable with 2023 year-to-date amounts.

*(All amounts in thousands EUR unless otherwise stated)*

*Results of Operations*

| | 2023 | 2022 |
|---|---|---|
| **Revenue** | **563,964** | **529,817** |
| Mobile revenue | 240,132 | 228,655 |
| Fixed broadband revenue | 52,337 | 45,376 |
| PayTV revenue | 76,954 | 67,472 |
| Media and content revenue | 82,400 | 79,466 |
| Equipment sale revenue | 101,886 | 100,106 |
| Lease of towers revenue | 2,618 | 2,365 |
| Revenue from electricity sales | 1,182 | 1,200 |
| Other revenue | 6,455 | 5,177 |
| **Operating profit** | **98,778** | **87,143** |
| Add back: Depreciation and amortization expenses | 93,146 | 88,717 |
| **EBITDA*** | **191,924** | **175,860** |
| Changes in organizational structure and other projects | 1,834 | 1,648 |
| Goodwill impairment | - | 488 |
| Inventory and construction in progress write-off | 436 | 167 |
| Employee share-based payment schemes expenses | 26 | 133 |
| Revaluation of contingent consideration | 373 | (355) |
| Other one-off or exceptional items | 914 | 433 |
| **Adjusted EBITDA*** | **195,507** | **178,374** |
| Adjusted EBITDA Margin* | 34.7% | 33.7% |
| **Capital expenditures** | **(62,185)** | **(46,787)** |
| **Adjusted EBITDA less Capital expenditures*** | **133,322** | **131,587** |
| Adjusted Cash conversion* | 68.2% | 73.8% |

* non-IFRS measure

*Revenue*

Total revenue increased by EUR 34.17 million, or 6.45%, from EUR 529.8 million in 2022 to EUR 563.97 million in 2023. Revenue growth was driven by an organic Mobile business growth as well as price revisions in fourth quarter of 2022. Mobile revenue grew by EUR 11.5 million, or 5.0%, due to successful price revisions, subscriber base upsells and cross-sell of the Data only and IoT products. Mobile revenue was negatively affected by declining interconnect revenue because of reduced official interconnect rates. Fixed broadband and PayTV revenue grew by EUR 7.0 million and EUR 9.5 million respectively due to organic growth of ICT business in both Lithuania and Latvia, price revisions for FWA RGUs, and growth of OTT product. Equipment sales revenue increased by EUR 1.8 million, or 1.8%, due to growing device prices.

*EBITDA and Adjusted EBITDA*

EBITDA represents net profit before income tax, finance income and finance costs, share of profit/(loss) of joint ventures and depreciation and amortization expenses (other than content amortization and amortization of capitalized contract costs). Adjusted EBITDA represents EBITDA, as adjusted for certain items which management considers to be exceptional, non-cash or non-recurring in nature.

Adjusted EBITDA grew by EUR 17.1 million, or 9.6%, from EUR 178.4 million in 2022 to EUR 195.5 million in 2023.

Adjustment items were related to one-off or exceptional items, employee share-based payment schemes expenses, inventory and construction in progress write-off, revaluation of contingent consideration and other exceptional items.

*(All amounts in thousands EUR unless otherwise stated)*

Employee compensation and benefit expenses grew by EUR 5.6 million, or 7.0%, which reflects the salary inflation. Content and programming costs grew by EUR 5.9 million, or 11.7% mainly due to increase in channel variable fees directly related with OTT segment subscriber base growth as well as investment into HBO partnership and sports content. Meanwhile, interconnect and roaming costs were lower by EUR 5.9 million in 2023 compared to 2022 because of lower interconnect rates.

Capital expenditures have risen by EUR 15.4 million, or 32.9%, from EUR 46.8 million in 2022 to EUR 62.2 million in 2023. The increase was mainly associated with the 5G rollout in the whole region. The expansion aims to meet growing demands for faster connectivity, enhanced data transmission capabilities, and improved network reliability, positioning the Group competitively in the evolving telecommunications landscape.

In the face of a challenging and uncertain macroenvironment, the Group has successfully handled rising financing costs and inflationary pressures. The Group's robust business model has not only helped us endure but also achieve significant EBITDAaL growth, demonstrating our adaptability and commitment to sustaining long-term success in the industry.

***Risk management and financial instruments***

The managers have an overall responsibility for the establishment and oversight of risk management framework. The risk management policies are established to identify and analyse the risk faced by the Company or the Group to set appropriate risk limits and controls and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and activities. The Group's activities expose it to business risk, capital risk, market risk and a variety of financial risks, including foreign currency exchange risk, credit risk, interest rates risk and liquidity risk.

*Risk appetite management*

Risk appetite is the degree of risk that the Group is prepared to accept in pursuit of its strategic objectives and business plan. The Group risk appetite is cautious, and the Group prefers safe options that have low degree of risk and may only have limited potential for reward. Accordingly, a risk analysis is required for all significant new deals, products, and businesses. Before taking decision, clear analysis of the risks is sought to ensure those taken are consistent with the risk appetite.

| | **Strategic risks** | |
|---|---|---|
| **Risk** | **Description** | **Mitigation activities** |
| Competitive environment and price pressure | The Group operates in a competitive environment with strong price pressure, where competition may negatively impact the Group's market share and revenues. The fourth operator and acceleration of new global OTT players in the Baltic States may have an impact on market share and revenues. | - Carefully monitor customers' and market behaviour to react to changing circumstances.<br>- Continuously explore new revenue generation opportunities that are close to core services.<br>- Continue locking customer base on longer term contracts.<br>- The Group's OTT service is strongly built around local content in sports, entertainment and news benefiting from the market positioning and production experience of linear channels. This is a major differentiator from global competitors. |

| Operational risks | | |
|---|---|---|
| **Risk** | **Description** | **Mitigation activities** |
| Recruiting and retaining skilled employees | The ability to attract and retain key personnel is crucial for the Group's business success. The loss of key employees and failure to manage personnel needs successfully could have a material adverse effect on the business, financial condition, and results of operations. | - Focus on employer branding, internal growth opportunities, overall employees' training development and middle management leadership enhancement.<br>- Provide dedicated training, MBA studies, and separate BMI modules.<br>- Focus on improved hiring processes to reduce employees' rotation.<br>- Focus primarily on low-scoring engagement factors and teams. |
| Customer service and network quality | Delivering high-quality and secure network services is crucial for commercial success. This covers service interruption resulting from equipment failure, cyber-attacks, extreme weather conditions etc. | - Ensure network resilience through business continuity planning and incident management.<br>- Implementation of multiple process controls for cyber security and GDPR.<br>- Run regular incident prevention procedures.<br>- Improve network capacity and coverage for Latvian and Lithuanian customers through network sharing joint operation. |
| Rapidly changing technology and limited ability to perform R&D activities | The mobile business is being significantly affected by rapid technological change and the Group may not be able to effectively anticipate or react to these changes. The Group has limited ability to perform R&D activities and to produce unique innovations. | - Cooperation with third parties to bring proven smart services and solutions from other more advanced markets. |
| Limited business digitalization due to legacy and complex IT systems | The mobile business efficiency heavily depends on digitization and automation of processes. Being uncapable of spotting manual tasks that can be automated or inability to simplify complex IT systems may result in the Group's productivity decrease. | - Billing platform software version upgrade to the recent one and used by the biggest EU MNO's. Project already started and planned to be finished in early 2024.<br>- Continue with timely ERP software release upgrades. |

| Financial risks | | |
|---|---|---|
| **Risk** | **Description** | **Mitigation activities** |
| Financial instruments management | The Group's activities expose it to a variety of financial risks, including foreign currency exchange risk, credit risk, interest rates risk and liquidity risk. The Group's management seeks to minimise the potential adverse effects of financial risk on the financial performance of the Group. | For the mitigating action reference made to note 3 of these consolidated financial statements. |

| Legal and regulatory risks | | |
|---|---|---|
| **Risk** | **Description** | **Mitigation activities** |
| Local and regulatory compliance | Changes in applicable law, regulations or government policy could influence the viability and how the Group operates business and introduce new products and services. The business could be materially and adversely affected by any changes in relevant laws or regulations regarding, for example, licensing requirements, access and price regulation, or any change in policy allowing more favourable conditions for other operators. The Group cannot assure that the provision of services will not be subject to greater regulation in the future. | - Monitor changes in the regulatory area to meet changes proactively.<br>- Have a cost model and tariffs in place to mitigate revenue loss.<br>- Strengthening the effectiveness of compliance organization and internal controls.<br>- Proactive internal compliance investigation. |

***Corporate social responsibility***

The corporate social responsibility of the Group is defined through adopted Equal opportunities policy, according to which the Group prohibits direct and indirect discrimination, harassment, sexual harassment, instruction to discriminate based on sex, race, nationality, language, origin, social status, age, sexual orientation, disability, ethnicity, membership of a political party or association, religion, beliefs, intent to have a child (children) as well as other circumstances not related to the employees' business characteristics.

***The Group's financial outlook for 2024[1]***

Supported by a positive economic outlook for the region in 2024, the Group expects to maintain solid growth of both top and bottom lines. This growth will stem from an increase in RGUs, particularly in OTT, IoT, ICT, and the launch of 5G-based FWA services, along with planned price revisions for the existing customer base. The media business is expected to grow, supported by rising advertising demand. Additionally, the Group will continue to optimize operations to alleviate pressure from further increases in labour costs and inflation of third-party services and products.

The Group anticipates continuing investment in Capex in 2024, with the majority earmarked for the rapid rollout of 5G networks. These investments are expected to be financed from the Group's own operational cash flow.

Furthermore, the Group will continue to explore opportunities for business growth through M&A projects or strategic cooperation in the Telco and Media sectors.

***Subsequent events***

There were no other subsequent events or transactions that required recognition or disclosure in the consolidated financial statements.

Signed by the Managers on 25 March 2024:

Stuart Twinberrow
Manager

Claude Larbière
Manager

[1] **Forward-looking statements**
These consolidated financial statements contain certain forward-looking statements with respect to the Group's current expectations and projections about future events. These statements reflect management's beliefs and expectations and involve a number of risks, uncertainties and assumptions that could cause actual results and performance to differ materially from any expected future results or performance expressed or implied by the forward-looking statement. The information contained in these consolidated financial statements is subject to change without notice and, except as required by applicable law, Group does not assume any responsibility or obligation to update publicly or review any of the forward-looking statements contained in it. Readers should not place undue reliance on forward-looking statements, which speak only as at the date of these consolidated financial statement.

**Audit report**

To the Shareholder of
**PLT VII Finance S.à r.l.**

## Report on the audit of the consolidated financial statements

### Our opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of PLT VII Finance S.à r.l. (the “Company”) and its subsidiaries (the “Group”) as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

*What we have audited*

The Group’s consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

### Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the “Commission de Surveillance du Secteur Financier” (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the “Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the consolidated financial statements” section of our report.

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

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

### Other information

The Board of Managers is responsible for the other information. The other information comprises the information stated in the consolidated managers' report but does not include the consolidated financial statements and our audit report thereon.

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*Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°10028256)*
*R.C.S. Luxembourg B 65 477 - TVA LU25482518*

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

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

**Responsibilities of the Board of Managers for the consolidated financial statements**

The Board of Managers is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as adopted by the European Union, and for such internal control as the Board of Managers determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

**Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the consolidated financial statements**

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managers;

- conclude on the appropriateness of the Board of Managers' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

## Report on other legal and regulatory requirements

The consolidated managers' report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 25 March 2024

Electronically signed by:
Malik Lekehal

Malik Lekehal

*(All amounts in thousands EUR unless otherwise stated)*

## THE CONSOLIDATED FINANCIAL STATEMENTS

### The consolidated statement of profit or loss and other comprehensive income

| Note | | 2023 | 2022 Reclassified* |
|---|---|---|---|
| 5, 6 | REVENUE | 563,964 | 529,817 |
| 13,14,15 | Depreciation and amortisation expenses | (93,146) | (88,717) |
| | Equipment costs | (106,902) | (102,213) |
| 7 | Employee compensation and benefit expenses | (84,891) | (79,330) |
| | Content and programming costs | (56,507) | (50,610) |
| | Roaming and interconnect costs | (20,669) | (26,530) |
| | Advertising and marketing costs | (16,598) | (14,743) |
| | Materials, consumables, and maintenance costs | (22,649) | (22,760) |
| 16 | Amortization of capitalized contract costs | (14,903) | (12,754) |
| | Media distribution and transponder costs | (3,488) | (3,594) |
| 19 | Net impairment losses on trade receivables and contract assets | (4,299) | (3,338) |
| | Rental costs | (846) | (888) |
| 13 | Goodwill impairment | - | (488) |
| 8 | Other expenses | (40,288) | (36,709) |
| | **OPERATING PROFIT** | **98,778** | **87,143** |
| 9 | Finance income | 126 | 565 |
| 9 | Finance costs | (48,487) | (40,906) |
| | **Total finance income and costs** | **(48,361)** | **(40,341)** |
| | **PROFIT BEFORE INCOME TAX** | **50,417** | **46,802** |
| 10 | Income tax | (15,028) | (13,301) |
| | **NET PROFIT** | **35,389** | **33,501** |
| | Net profit attributable to: | | |
| | Equity holders of the parent | 35,389 | 33,501 |
| | Non-controlling interests | - | - |
| | **Profit for the year** | **35,389** | **33,501** |
| | Other comprehensive income | | |
| | Items that will not be reclassified to profit/ loss | | |
| 12 | Changes in the fair value of equity investments at fair value through other comprehensive income | (180) | 510 |
| | Income tax relating to this item | - | - |
| | **Other comprehensive income for the year, net of tax** | **(180)** | **510** |
| | **Total comprehensive income for the year** | **35,209** | **34,011** |
| | Total comprehensive income for the year attributable to: | | |
| | Equity holders of the Company | 35,209 | 34,011 |
| | Non-controlling interests | - | - |

* Information on the reclassification items is provided in note 4.2.

The accompanying notes on pages 22 to 72 are an integral part of these consolidated financial statements.

*(All amounts in thousands EUR unless otherwise stated)*

## The consolidated statement of financial position

| Note | | 31 December 2023 | 31 December 2022 Reclassified* |
|---|---|---|---|
| | **ASSETS** | | |
| | NON-CURRENT ASSETS | | |
| 13 | Intangible assets: | | |
| | Goodwill | 154,771 | 154,771 |
| | Software | 17,724 | 12,894 |
| | License costs | 27,365 | 33,094 |
| | Other intangible assets | 77,987 | 95,890 |
| | Software under development | 4,670 | 3,657 |
| | **Total intangible assets** | **282,517** | **300,306** |
| | | | |
| 14 | Property, plant and equipment: | | |
| | Land and buildings | 4,670 | 4,827 |
| | Network equipment | 89,515 | 82,664 |
| | Other property, plant and equipment | 15,588 | 14,300 |
| | Construction in progress | 11,446 | 20,391 |
| | **Total property, plant and equipment** | **121,219** | **122,182** |
| | | | |
| 15 | Right of use assets | 64,227 | 65,933 |
| 16 | Capitalized contract costs | 18,620 | 15,627 |
| 6 | Contract assets | 474 | 492 |
| 12 | Other investments at fair value through other comprehensive income | 5,790 | 5,970 |
| | Interest in joint ventures | 6 | 6 |
| | Long-term loans at amortised cost | 1 | 116 |
| 10 | Deferred tax assets | 1,251 | 1,435 |
| 21 | Other non-current assets and receivables at amortised cost | 7,404 | 5,810 |
| | **TOTAL NON-CURRENT ASSETS** | **501,509** | **517,877** |
| | | | |
| | CURRENT ASSETS | | |
| 17 | Inventory | 46,131 | 45,458 |
| 6 | Contract assets | 1,549 | 2,035 |
| 22 | Financial assets at fair value through profit or loss | 6,584 | 6,552 |
| | Current portion of loans receivable at amortised cost | 44 | 42 |
| 19 | Trade accounts receivable | 79,912 | 74,954 |
| | Current income tax prepayment | 36 | 19 |
| 23 | Other current assets at amortised cost | 7,472 | 7,163 |
| | Cash and cash equivalents | 23,450 | 42,606 |
| | **TOTAL CURRENT ASSETS** | **165,178** | **178,829** |
| | **TOTAL ASSETS** | **666,687** | **696,706** |

* Information on the reclassification items is provided in note 4.2.

The accompanying notes on pages 22 to 72 are an integral part of these consolidated financial statements.

*(All amounts in thousands EUR unless otherwise stated)*

## The consolidated statement of financial position (continued)

| Note | | 31 December 2023 | 31 December 2022 |
|---|---|---|---|
| | **LIABILITIES AND SHAREHOLDER'S EQUITY** | | |
| | SHAREHOLDER'S EQUITY | | |
| | Capital and reserves attributable to holders of the Company: | | |
| 24 | Share capital | 33,585 | 33,585 |
| 24 | Share premium | 6,720 | 7,190 |
| 24 | Reorganization reserve | (336,653) | (336,653) |
| | Legal reserve | 9,213 | 9,213 |
| | Retained earnings | (25,369) | 3,696 |
| | **TOTAL SHAREHOLDER'S EQUITY** | **(312,504)** | **(282,969)** |
| | NON-CURRENT LIABILITIES | | |
| 25 | Borrowings | 718,985 | 716,273 |
| 26 | Lease liabilities | 42,447 | 42,334 |
| 29 | Provisions | 13,308 | 15,315 |
| 6 | Contract liabilities | 3,450 | 3,493 |
| 10 | Deferred tax liability | 19,019 | 18,825 |
| 28 | Other non-current liabilities | 6,635 | 7,621 |
| | **TOTAL NON-CURRENT LIABILITIES** | **803,844** | **803,861** |
| | CURRENT LIABILITIES | | |
| 25 | Borrowings | 14,835 | 13,468 |
| 26 | Lease liabilities | 19,129 | 17,225 |
| 27 | Supplier financing arrangements | 39,193 | 22,562 |
| | Trade accounts payable | 58,304 | 79,263 |
| 6 | Contract liabilities | 10,657 | 10,856 |
| | Deferred revenue | 689 | 386 |
| | Current income tax liabilities | 1,483 | 2,125 |
| 28 | Accrued expenses and other liabilities | 31,057 | 29,929 |
| | **TOTAL CURRENT LIABILITIES** | **175,347** | **175,814** |
| | **TOTAL LIABILITIES** | **979,191** | **979,675** |
| | **TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY** | **666,687** | **696,706** |

The accompanying notes on pages 22 to 72 are an integral part of these consolidated financial statements.

*(All amounts in thousands EUR unless otherwise stated)*

## The consolidated statement of changes in equity

| | | Attributable to equity holders of the Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | **Share capital** | **Share premium** | **Legal reserve** | **Reorganization reserve** | **Retained earnings/ (accumulated deficit)** | **Total** | **Non-controlling interest** | **Total equity** |
| | **31 December 2021** | **33,585** | **1,700** | **9,213** | **(336,653)** | **43,952** | **(248,203)** | **-** | **(248,203)** |
| | Net profit for the year | - | - | - | - | 33,501 | 33,501 | - | 33,501 |
| 12 | Other comprehensive income | - | - | - | - | 510 | 510 | - | 510 |
| | Total comprehensive income for the year | - | - | - | - | 34,011 | 34,011 | - | 34,011 |
| | *Transactions with owners in their capacity as owners* | | | | | | | | |
| 24 | Increase in share premium | - | 5,490 | - | - | - | 5,490 | - | 5,490 |
| 24 | Dividends to shareholder | - | - | - | - | (74,400) | (74,400) | - | (74,400) |
| | Employee share-based payment scheme expenses | - | - | - | - | 133 | 133 | - | 133 |
| | **31 December 2022** | **33,585** | **7,190** | **9,213** | **(336,653)** | **3,696** | **(282,969)** | **-** | **(282,969)** |
| | Net profit for the year | - | - | - | - | 35,389 | 35,389 | - | 35,389 |
| 12 | Other comprehensive income | - | - | - | - | (180) | (180) | - | (180) |
| | Total comprehensive income for the year | - | - | - | - | 35,209 | 35,209 | - | 35,209 |
| | *Transactions with owners in their capacity as owners* | | | | | | | | |
| 24 | Decrease in share premium | - | (470) | - | - | - | (470) | - | (470) |
| 24 | Dividends to shareholder | - | - | - | - | (64,300) | (64,300) | - | (64,300) |
| | Employee share-based payment scheme expenses | - | - | - | - | 26 | 26 | - | 26 |
| | **31 December 2023** | **33,585** | **6,720** | **9,213** | **(336,653)** | **(25,369)** | **(312,504)** | **-** | **(312,504)** |

The accompanying notes on pages 22 to 72 are an integral part of these consolidated financial statements.

*(All amounts in thousands EUR unless otherwise stated)*

## The consolidated statement of cash flows

| Note | | 2023 | 2022 Reclassified* |
|---|---|---|---|
| | Cash flows from operating activities: | | |
| | **Profit before income tax** | **50,417** | **46,802** |
| | Adjustments to reconcile profit before income tax to the net cash flows from operating activities: | | |
| 13,14,15 | Depreciation and amortisation | 93,146 | 88,717 |
| | Loss on disposal of property, plant and equipment | 131 | 190 |
| | Employee share-based payment scheme expenses | 26 | 133 |
| 13 | Goodwill impairment charge | - | 488 |
| | Finance costs | 48,361 | 37,478 |
| | Changes in working capital (excluding effects of acquisition): | | |
| | (Increase) in receivables | (4,990) | (10,090) |
| | (Increase) in trading inventory | (673) | (6,609) |
| | Decrease in contract assets | 504 | 1,804 |
| | (Increase) in capitalised contract costs | (2,002) | (1,217) |
| | (Decrease)/increase in contract liabilities | (242) | 2,501 |
| | (Decrease)/increase in trade payables | (4,316) | 8,912 |
| | Change in other assets, provisions and other liabilities | 10 | (973) |
| 2.17 | Increase in supplier financing arrangement | 7,879 | 5,999 |
| | Interest paid | (45,466) | (37,635) |
| | Income tax paid | (15,314) | (11,940) |
| | **Net cash flows from operating activities** | **127,471** | **124,560** |

* Information on the reclassification items is provided in note 4.2.

The accompanying notes on pages 22 to 72 are an integral part of these consolidated financial statements.

*(All amounts in thousands EUR unless otherwise stated)*

## The consolidated statement of cash flows (continued)

| Note | | 2023 | 2022 |
|---|---|---|---|
| | Cash flows from investing activities: | | |
| 11 | Acquisition of subsidiaries, net of cash acquired, and investment in joint ventures | (718) | (4,771) |
| | Acquisition of intangible assets and property, plant and equipment for cash | (62,185) | (46,787) |
| | Proceeds from sale of intangible assets and property, plant and equipment | 766 | 274 |
| | Interest received | 85 | 48 |
| | Loans granted | - | 69 |
| | Loan repayments received | 93 | - |
| | **Net cash flows used in investing activities** | **(61,959)** | **(51,167)** |
| | Cash flows from financing activities: | | |
| 24 | Repayment of share capital and premium | (470) | - |
| 24 | Dividends to shareholders | (64,300) | (68,910) |
| | Principal element of lease payments | (19,898) | (18,563) |
| 11,25 | Repayments of borrowings to banks | - | (65) |
| | **Net cash flows used in financing activities** | **(84,668)** | **(87,538)** |
| | Net increase/(decrease) in cash and cash equivalents | (19,156) | (14,145) |
| | Cash and cash equivalents at the beginning of the year | 42,606 | 56,751 |
| | **Cash and cash equivalents at the end of the year** | **23,450** | **42,606** |

The accompanying notes on pages 22 to 72 are an integral part of these consolidated financial statements.

## Notes to the Consolidated Financial Statements

### 1. General information

PLT VII Finance S.à r.l. (**'the Company'**) was incorporated on 3 March 2020 in Luxembourg as a private limited liability company (*société à responsabilité limitée*). The registered address of the Company is at 49, Boulevard Royal, L-2449 Luxembourg, the Grand Duchy of Luxembourg. The Company is registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des sociétés, Luxembourg)* under number B242945.

Text and terms in **bold** font are defined terms used consistently herein.

The sole shareholder of the Company is PLT VII Holding S.à r.l., registration number B242838, a private limited liability company with registered address at 18 rue Dicks, L-1417 Luxembourg, the Grand Duchy of Luxembourg.

The ultimate parent entity and controlling parties of the Company are Providence Equity Partners VII-A LP and Providence VII Global Holdings LP which are both registered in the Cayman Islands.

The Company is the sole shareholder of PLT VII International S.à r.l. incorporated on 3 March 2020 in Luxembourg as a limited liability company (*société à responsabilité limitée*), with registered address at 18 rue Dicks, L-1417 Luxembourg, the Grand Duchy of Luxembourg. PLT VII International S.à r.l. is registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des sociétés, Luxembourg)* under number B243024.

In the course of the restructuring, on 30 April 2020 the Company became the ultimate parent to PLT VII Finance B.V. and its direct and indirect subsidiaries. On 30 April 2020 PLT VII International S.à r.l. received the shares and control over PLT VII Finance B.V. as a share capital contribution from the previous shareholder PLT VII Holdco B.V. In September 2020 the Group completed the legal mergers of all Dutch entities of the Group whereby the Dutch entities were ultimately merged into PLT VII International S.à r.l. The purpose of the reorganisation was to simplify the holding structure of the ultimate shareholders in combination with a refinancing that took place at the Company, being the sole shareholder of PLT VII International S.à r.l. After the legal mergers were finalized in September 2020, the discontinuing entities ceased to exist and all assets and liabilities as well as the underlying business activities have passed to PLT VII International S.à r.l. as the surviving entity.

The main activities of the Company are holding and finance activities. The Company manages and controls the group of entities in the Baltic States, which are engaged in providing Mobile, PayTV and Fixed Broadband, as well as Media and Content services. In addition to these primary businesses, it sells various equipment to support its above-mentioned services to customers. As of 31 December 2023, **the Group** consisted of the Company, the direct subsidiary PLT VII International S.à r.l. and its subsidiaries. The full list of direct and indirect subsidiaries of the Company is provided in note 11.

The Group provides various mobile services to private and business customers through own front-line sales and care channels and own infrastructure companies. The Group mobile business is focused on meeting growing demand in the region for high quality network experience by providing excellent customer service through retail companies that distribute products and services and through separate companies that are responsible for ownership, management, development and rental of towers and masts.

The Group's Fixed Broadband and PayTV business include fixed broadband internet services, ICT services and PayTV offering through Home3 satellite platform and Go3 OTT streaming solution.

The Group's Media and Content business includes TV, video on demand services, commercial radio, streaming radio, digital advertising, news and entertainment portals, advertising services across own portfolio of media assets as well as through third party channels and digital production and distribution services.

The Group implements strategic initiatives to converge the technologies and services offered by the Group of entities. This strategy results in higher effectiveness and revenue synergies, as well as cross-sell opportunities and additional values to the customer, all of which provide competitive advantages over traditional telecommunication operators.

***Acquisitions in 2023***

On 25 January 2023, the Group subsidiary All Media Lithuania UAB signed an agreement regarding the shares purchase of M-1 Group. The Lithuanian regulatory authorities disapproved the business acquisition and issued an official opinion which was received on 19 September 2023. This has terminated any further developments on M-1 Group purchase.

***Group restructurings in 2023***

During 2023 the Group was involved in various Group restructuring processes.

On 1 January 2023 the Group subsidiaries All Media Digital OÜ, Mediainvest Holding AS, Buduaar Media OÜ, Artist Media OÜ were reorganized by merging with All Media Eesti AS, which took over all their rights and obligations, assets, and liabilities. All Media Digital OÜ, Mediainvest Holding AS, Buduaar Media OÜ, Artist Media OÜ ceased to exist.

On 1 April 2023 the Group subsidiary Mezon UAB was reorganized by merging with Bitė Lietuva UAB, which took over all of their rights and obligations, assets, and liabilities. Mezon UAB ceased to exist.

On 1 September 2023, the Group subsidiary Bitė Lietuva UAB has completed its legal spin-off process by separating group management & centralized services into two new management (holding) companies – Bitė group UAB and All Media Group UAB. Both new holding companies were established by legally separating them from Bitė Lietuva UAB, whereas Bitė Lietuva UAB itself continues all its telecommunication activities in Lithuania after the spin-off.

In addition to the above, to finalise the re-grouping of subsidiaries into separate legal subgroups, corresponding to the Group's main businesses – Telecommunications and Media and Content, the shares of remaining after spin-off company Bitė Lietuva UAB have been sold to Bitė group UAB and shares of TeleTower SIA were sold to TeleTower UAB on 15 September 2023. With these legal actions the Group has completed the group structural changes and has internally formed business segments for Telecommunications (including Telecommunication infrastructure companies), managed and controlled by Bitė group UAB and Media and Content, managed and controlled by All Media Group UAB.

The above legal changes in the structure of the Group do not affect the activities carried out by any other individual company in the Group, neither it has impacted the Group financial consolidated results.

The Company's shareholders do not have the power to amend the consolidated financial statements between their publication and approval in the General Meeting but have the power to not adopt them.

## 2. Basis of preparation and material accounting policies

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

### 2.1. Basis of preparation

These consolidated financial statements have been prepared in accordance with IFRS® accounting standards ('**IFRS**'), as adopted by the European Union ('**the EU**'), issued and effective as at 31 December 2023.

The consolidated financial statements have been authorized by the Managers and approved for issue on 20 March 2024.

The consolidated financial statements are denominated in Euros.

These consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets that are measured at fair value through profit and loss or fair value through other comprehensive income. These consolidated financial statements have been prepared on the going concern basis, and the Group is considered as continuing business in the foreseeable future.

The preparation of financial statements in conformity with IFRS as adopted by EU requires the use of certain critical accounting estimates. It also requires the Group's management to exercise its judgement in the process of applying the Group' accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

*New and amended standards adopted by the Group*

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2023:

- IFRS 17 "Insurance Contracts" and related Amendments to IFRS 17 and IFRS 4.
- Amendments to IAS1 and IFRS Practice Statement 2: Disclosure of Accounting policies.
- Amendments to IAS 8: Definition of Accounting Estimates.
- Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12.
- Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules.

The amendments listed above did not have any impact on the amounts recognised and disclosures in prior periods.

The accounting policies disclosed in previous years were reviewed and only material accounting policies are disclosed in these consolidated financial statements. Some accounting policies were removed as the information itself was not considered material for an understanding of the Group's accounting for those particular transactions or events. Certain accounting policies were revised and shortened to remove generic IFRS information that did not contain any Group specific information, i.e. where accounting policies were not chosen from a set of alternatives under IFRS.

*New standards and interpretations not yet adopted*

A number of new standards, amendments to standards and interpretations are effective from 1 January 2024, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the consolidated financial statements of the Group.

### 2.2. Consolidation and business combination

*Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains or losses on transactions between the Group's companies are eliminated.

*Business combinations*

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a business is the fair value of the assets transferred, the liabilities assumed, and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent considerations are classified as a financial liability and are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

*Accounting for asset acquisitions*

In the acquisition of an asset or a group of assets that does not constitute a business the Group identify and recognise the individual identifiable assets acquired and liabilities assumed. The cost of the group is allocated to the individual identifiable assets and liabilities based on their relative fair values at the date of purchase. Such a transaction or event does not give rise to goodwill.

*Group reorganization*

When the new parent added to the existing Group issues equity shares to the existing shareholders in exchange for the transfer of shares in the existing group – there is no change in substance of the reporting entity. Such a transaction is accounted as a reorganization of the Group. The consolidated financial statements of the new entity are presented using the values from the consolidated financial statements of the previous group holding company. The equity structure – that is, the issued share capital – reflects that of the new company, with other amounts in equity being those from the consolidated financial statements of the previous Group holding company. Any resulting difference between the issued share capital of the new company and the carrying value of the net assets of the previous Group is recorded in equity as reorganization reserves.

## 2.3. Foreign currency translation

*Functional and presentation currency*

The consolidated financial statements are presented in Euros (EUR), rounded to the nearest thousand.

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('**the functional currency**').

The functional currency of all entities of the Group is Euro (EUR).

## 2.4. Intangible assets

Intangible assets are initially measured at cost. Except for goodwill and trademarks with indefinite useful life, intangible assets are amortised using the straight-line method over the best estimate of their useful lives.

The assets' useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

*Goodwill*

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Separately recognised goodwill is tested for impairment annually or whenever there is an indication for impairment and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

*(All amounts in thousands EUR unless otherwise stated)*

Goodwill is allocated to cash-generating units (‘**CGU**’) for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

*Licenses for frequencies*

Licenses for frequencies are shown at cost less accumulated amortisation. Licenses for frequencies have a finite useful life. Amortisation is calculated using the straight-line method to allocate the cost of licenses until their expiration date (1-19 years) from the date when services can be provided to the customers (available for use). Borrowing costs are capitalised on licenses if the use of the license for frequencies is dependent on construction of a related network, during the construction phase of the network, and up to the time that services can first be rendered on a commercial basis. Licenses for frequencies not yet available for use are classified within licenses in the consolidated statement of financial position.

*Software*

Acquired software licenses are capitalised based on the costs incurred to acquire and bring to use the specific software. These costs are amortised using the straight-line method over their estimated useful lives (1-10 years) and from the date when services can be provided to the customers (available for use).

Directly attributable costs, that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

*Other intangible assets*

Trademarks acquired in a business combination are recognised at fair value at the acquisition date. Trademarks having an indefinite useful life are subsequently carried at cost less impairment losses. The Group has identified the ‘bitė’ trademark as a trademark having an indefinite useful life. Trademarks that have a finite useful life are amortised over their estimated useful life, not to exceed 15 years. The Group has identified media brands as trademarks with finite useful life.

Trademarks having indefinite useful life, acquired through acquisition, are allocated to cash-generating units (‘**CGU**’) for the purpose of impairment testing.

Acquired existing customers’ and partners’ contracts are capitalised at their fair value at the date of acquisition and are amortised using the straight-line method over their estimated useful lives (average life cycle term). Amortisation rates are as follows:

| | |
|---|---|
| Customers contracts and relationships | 2-19 years |
| Roaming agreements | 5 years |

Separately acquired trademarks and licences are shown at historical cost less accumulated amortisation.

## 2.5. Capitalized contract costs

Contract costs comprise the incremental costs of obtaining a contract (mainly sales commission paid to employees and third-party retailers in the direct and indirect sales channel). The Group recognises as an asset the incremental costs of obtaining a contract with a customer if it expects to recover those costs. Incremental costs of obtaining a contract are additional costs that would have not been incurred had the contract not been concluded. The asset recorded by the Group is subject to assessment of impairment at the end of each reporting period.

Inventory such as TV setup boxes and related equipment (satellite dishes, etc.) are part of acquisition costs incurred to obtain the new customers contracts. The equipment cost, related installation, transportation and selling expenses are provided to the customers and are not distinct within the context of the contracts and therefore are accounted as single performance obligation under IFRS 15 Revenue from Contracts with Customers (‘**IFRS 15**’).

The capitalized contracts costs are accounted as non-current assets in the consolidated statement of the financial position. These costs are generally recognized on a straight-line basis over the estimated customer retention period (20-36 months). The expenses are shown in the consolidated statement of profit or loss and other comprehensive income under Amortisation of capitalised contract costs.

In the consolidated statement of cash flows the change in the capitalised contract costs is included within changes in working capital as these assets are part of normal operating cycle of the Group’s business and the amortisation expenses are included in calculation of EBITDA as defined in note 2.19.

## 2.6. Property, plant, and equipment

Property, plant, and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Such costs are depreciated over the remaining useful life of the related asset.

Depreciation is calculated using the straight-line method over the estimated useful lives of the asset as follows:

| | |
|---|---|
| Buildings | 5-40 years |
| Network equipment | 2-20 years |
| Vehicles | 2-10 years |
| Computer equipment | 2-5 years |
| TV production equipment | 3-10 years |
| Equipment rented to customers | 3 years |
| Other property, plant, and equipment | 1-11 years |

Property, plant, and equipment in progress represents properties under construction and are stated at cost. This includes cost of construction, plant and equipment and other direct costs. Property, plant, and equipment in progress are not depreciated until such time as the relevant assets are available for use.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

## 2.7. Impairment of non-financial assets

Assets that have an indefinite useful life and intangible assets not yet available for use (e.g., licenses, IT systems under development) are not subject to amortisation and are tested annually for impairment. Goodwill and trademarks are only tested as part of a cash-generating unit as they do not generate independent cash flows. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

## 2.8. Financial assets

### 2.8.1. Classification, recognition, and measurement

The group classifies its financial assets depending on both - the Group's business model for managing its financial assets and the contractual cash flow characteristics of the financial assets.

*Debt instruments*

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ('**FVPL**'), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition or impairment losses are recognised as a separate line in in the consolidated statement of profit or loss and other comprehensive income. Specifically, the Group classifies in this category:

- Trade receivables other than those which are subject to non-resource factoring arrangements (see below).
- Loans for which the SPPI classification test has been satisfied and which are held in the 'held to collect' business model.
- Cash and cash equivalents.

– FVPL: Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income ('**FVOCI**') are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Specifically, the Group classifies in this category trade receivables which are subject to factoring arrangements used regularly for liquidity needs, where the terms of factoring agreements result in their derecognition. The Group is party to several factoring agreements under which it sells current trade receivables on a revolving basis. The risks relevant for the risk assessment with respect to the receivables sold are the credit risk and the late-payment risk. If both types of risk together represent substantially all the risks and rewards of ownership of the receivables, they are transferred to the buyer of the receivables in full in return for payment of a fixed purchase price discount. Losses relating to certain receivables are reimbursed only if certain circumstances are met and are included to the agreement before sale. The receivables sold until the reporting date were derecognized in full.

*Equity instruments*

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

### 2.8.2. Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses (**'ECL'**) associated with its debt instruments carried at amortised cost and FVOCI regardless of whether there are impairment indicators.

For short-term trade receivables and contract assets without a significant financing component the Group applies the simplified approach and measures the loss allowance at expected lifetime credit losses from initial recognition of the receivables. The Group uses a provision matrix in which loss allowances are calculated for trade receivables falling into different aging or overdue periods.

The main risk of expected credit losses is with the Group trade receivables. To measure the expected credit losses, trade receivables are grouped based on shared credit risk characteristics, i.e., receivables from residential and business customers and separately for services provided and equipment sold. The non-recoverability analysis is conducted for the past 4 years to determine the general default ratio. The default rates are calculated for the following aging intervals:

- Up to 30 days,
- From 30 to 90 days,
- More than 90 days.

In order to determine the default rate for a given aging interval, the balance of receivables written-off is compared against the balance of outstanding receivables.

The Group follows a three-stage model for impairment for financial assets other than the trade receivables.

The Group considers the following indicators for assessing a significant increase in the credit risk of the loans:

- The loan is overdue by at least 30 days.
- There have been legislative, technological, or macroeconomic changes with a significant negative impact on the borrower.
- There is information about significant adverse events in relation to the loan or other loans of the same borrower with other lenders, such as termination of loans, breach of covenants, renegotiations due to financial difficulties, etc.
- The borrower has lost a significant customer or supplier or otherwise experienced significant adverse changes in its market.

Financial assets are written-off, in whole or in part, when the Group has practically exhausted all recovery efforts and has concluded that there is no reasonable expectation of recovery. This normally occurs when the asset is at least over 90 days overdue.

## 2.9. Inventories

*Inventories*

Inventories are stated at the lower of cost or net realisable value. Cost is determined individually for mobile phones, tablets, cameras, smart equipment, and smart accessories and the first-in, first-out ('**FIFO**') method is used for all remaining inventories. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

*Programme rights*

A significant portion of the amount reported as inventories by FreeTV refers to the TV channels' catalogue of programme rights. Programme rights are reported as inventories when the license period has begun, the programme itself is available for its first broadcast, the cost of the programme is known, and the programme content has been approved by the TV channel. Programme rights invoiced but where the license period has not started, and the programme cannot be judged as inventories are reported as prepaid expenses. FreeTVs programme rights are normally acquired for a specific number of runs, which can be played out during a determined license period in certain territories. The programme rights are expensed per run according to the program broadcast schedule during the license period. The recognition of sports rights in the inventories begins either when the contractual period starts or when an advance payment is made. Sports rights expenses are allocated during the sport season of the sports rights or as per specific event schedule.

## 2.10. Trade receivables

Trade receivables, except those subject to a factoring arrangement, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. See accounting policy in note 2.8 for further information about the Group's accounting for trade receivables and for a description of the impairment policies.

## 2.11. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Cash is measured at amortised cost less the loss allowance determined applying the expected credit losses model, more details provided in note 2.8.

## 2.12. Shareholder's equity

Ordinary shares are classified as equity. Share premium represents the excess of contributions over the nominal value of the shares issued.

In the course of the Group's legal restructuring, on 30 April 2020 the Company became the ultimate parent to PLT VII Finance B.V. and its direct and indirect subsidiaries (further referred to as **PLTF Group**), which are now owned by the Company's direct subsidiary PLT VII International S.à r.l. There was no change in the substance of the reporting entity, and it was not a business combination. The consolidated financial statements of the Company are presented using the values from the consolidated financial statements of the previous group holding company. The restructuring was accounted for as a legal reorganization of the Company by PLT VII Finance B.V. (note 1), therefore these consolidated financial statements of PLT VII Finance S.à r.l. are presented as a continuation of the former PLTF Group, i.e.:

- the assets and liabilities of PLTF Group are recognised and measured at the pre-restructuring carrying amounts, without remeasurement to fair value.
- the equity structure reflects the retained earnings and other equity balances of PLTF Group from the first period presented up until immediately before the restructuring. The results of the period from 1 January 2020 to the date of the restructuring are those of PLTF Group. However, the issued share capital appearing in these consolidated financial statements reflects the reorganised equity structure of the Company, being the parent of the consolidated group. The resulting difference due to elimination of the Company's investment in PLTF Group upon legal merger is recognised as the reorganization reserve (note 24) in the consolidated statement of financial position.

## 2.13. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of profit or loss and other comprehensive income over the period of the borrowings using effective interest method.

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

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Interest expenses is recognised on a time-proportion basis using the effective interest method.

Fees paid upon the signing the agreements for the revolving credit facilities that are associated with the undrawn balance of the facilities are capitalized into a line item ‘Other non-current assets and receivables’ in the consolidated statement of financial position and amortized during the term of agreement into a line item “Financial costs” in the statement of profit or loss and other comprehensive income.

## 2.14. Leases

### 2.14.1. Classification

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

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

### 2.14.2. As a lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Only those leases where assets leased are explicitly specified in the contract and are physically distinct from other assets and where supplier cannot constitute those assets other than a reasons of repairs, maintenance or malfunction are being capitalised as right-of-use assets. Those assets are controlled by the Group as a) the Group has the right to obtain substantially all the economic benefits from the use of those assets; and b) the Group has a right to direct the use of those assets.

Restoration costs related to dismantling and removing an item of property, plant and equipment are classified as further detailed in note 2.15.

A right-of-use asset is depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis from the commencement date to the useful life/end of the lease term as follows:

| | |
|---|---|
| Buildings and premises | 1-10 years |
| Network equipment | 3-5 years |
| Vehicles | 1-7 years |
| Lease lines | 1-14 years |
| Satellite | 10 years |
| Other tangibles | 2-5 years |

At every balance sheet date, the right-of-use asset is assessed for potential impairment, if any, and adjusted for certain remeasurements of the lease liability.

Assets and liabilities arising from a lease are initially measured on the basis of a present value of lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable, or if the Group changes its assessment of whether it will exercise a purchase, extension, or termination option. When lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

*Short-term leases and leases of low-value assets*

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

### 2.14.3. As a lessor

*Operating leases*

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rental revenues from operating leases are recognised to the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease. The leased asset is kept on the balance sheet and depreciated over its estimated useful life.

*Finance leases*

Leases where the Group acts as a finance lessor are reported in the consolidated statement of financial position as financial receivable to an amount equal to the net investment in the lease contract corresponding to the discounted net present value and a sale. The financial income arising from a finance lease is accounted for in accordance with a constant remuneration (fixed interest rate).

## 2.15. Provisions

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Estimated costs of dismantling and removing an item of property, plant and equipment (referred to as '**asset retirement obligations**') are added to the cost of an item of right of use assets. Changes in the measurement of an existing asset retirement obligation that result from changes in the estimated timing, amount of the outflows, or from changes in the discount rate adjust the cost of the related asset and long-term debt in the current period. In subsequent periods, capitalized asset retirement costs are amortized over the expected remaining useful lives of the assets, and the provision is accreted to its present value on an annual basis. The further information is provided in note 29.

## 2.16. Trade payables

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

## 2.17. Supplier financing arrangement

Supplier financing arrangement is a reverse factoring arrangement, where a financial institution (the Factor) agrees to pay amounts the Group owes to the suppliers and the Group agrees to pay the financial institution at the same date as, or a date later than, suppliers are paid. Based on the agreements the Group authorises the Factor to repay the invoices to the Supplier. If the Factor would repay the invoice, the Group assumes an unconditional obligation to repay to the Factor. This represents a change of the creditor with a written consent of the Group. The moment of legal release of a debtor under obligation which is being assigned by way of factoring transaction is defined by Article 6.909, part 3, of the Lithuanian Civil Code. It establishes that in the case of factoring, only the payment of outstanding monetary claim releases the original debtor from its obligations towards the supplier. Therefore, while the factored amounts are still unpaid and remain on the Group's balance sheet, the Group is not legally released from its obligations towards the original suppliers, even if they have transferred those amounts to a Factor (third party) by way of factoring transaction. Based on the above, the Group continues recognising liabilities until it is unconditionally and legally released from obligations towards original suppliers.

The Group presents liabilities that are part of a reverse factoring arrangement as part of trade payables only when those liabilities have a similar nature and function to trade payables. However, these liabilities are presented separately when the size, nature or function of those liabilities makes separate presentation relevant to an understanding of the Group's financial position. In assessing whether it is required to present such liabilities separately, the Group considers the amounts, nature and timing of those liabilities. The Group supplier financing arrangement is presented in a separate line in the consolidated statement of financial position. As the supplier financing arrangement is closely related to operating purchase activities of the Group, the Group presents cash outflows to settle the liability as arising from operating activities in its consolidated statement of cash flows.

## 2.18. Revenue from contracts with customers

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course activities. Revenue is shown, net of value-added tax, estimated returns, rebates and discounts.

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the agency services, because it typically controls the goods or services before transferring them to the customer. Management uses their judgement to assess if they are acting in an agent or principal role, with such an assessment being based on the overall facts and circumstances of each situation. Revenue is presented on a gross basis where the role is that of principal in a transaction. The gross basis represents the gross value of the billing to the customer after trade discounts, with any related costs charged to expenses. Where the Group acts as an agent in a transaction, revenue is presented on a net basis.

### 2.18.1. Revenue recognition

*Telecommunication and PayTV revenue*

Mobile revenue comprising billings to customers for monthly subscription fee, connection fee, and airtime usage, net of value added tax and price discounts directly related to the sales is recognised in the accounting period in which the services are rendered.

The value of prepaid cards sold but not yet used is recognised as deferred revenue. Deferred revenue is reduced and recorded in the consolidated statement of profit or loss and other comprehensive income as revenue in proportion to the actual airtime used and any remaining balance is taken to revenue when a card's time period expires.

The mobile services revenue is derived from the transfer of services over time.

The service contracts may include non-refundable up-front fees that are paid at or near contract inception, and that do not constitute for a separate performance obligation (activation fees, set-up fees, etc), therefore, would be recognized as revenue when those future services are provided.

The interconnection revenue includes revenue earned on incoming domestic and international telephone traffic originated by the subscribers and by other users of the network. Interconnection costs include the costs of outgoing telephony traffic that is generated by the subscribers to other domestic or international networks.

Since the Group is terminating and initiating traffic in and from its network, it is acting as a principal, and therefore the revenue and costs of these traffic flows are stated gross in these consolidated financial statements.

Traffic fees charged at an agreed tariff for a fixed duration of time or capacity are recognised as revenue based upon usage of the Group's network and facilities.

Revenue from fixed telecommunication services and PayTV subscription are recognized in the accounting period in which the services are rendered. The PayTV subscription fees are derived over the subscription period.

*Media and content revenue*

The Group's revenues from media business are mainly derived from the selling of advertising, subscription fees, content production, and various services. Revenue is recognised in the period the service is performed (e.g., advertising is broadcasted) or when the control over the goods is transferred. Advertising revenue is partially deferred and recognised based on actually broadcasted advertising campaigns.

Accordingly, media related business recognises revenue from TV and radio advertising at the time of broadcast. Sale of services and content distribution services are reported when the services are provided.

Non-cash transactions entail the exchange of airtime on TV or radio for non-similar other goods or services. Revenue is recognised when airtime on TV or radio is sold in exchange for dissimilar goods or services. Revenue is measured at the fair value of the goods or services received, adjusted by any cash or cash equivalents received or paid, unless the fair value cannot be measured reliably.

*Sale of equipment*

Revenue from equipment sales is recognised when the control of the equipment is transferred to the buyer and the amount of revenue can be measured reliably. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. The sale of equipment can be either separate or bundled together with a discounted subscription to services for a defined period. Contracts for bundled sales of equipment and services are to be considered comprised of two performance obligations because the promises to transfer equipment and provide service are capable of being distinct and separately identifiable. The option to purchase additional goods or services at a discount are considered separate performance obligations (material rights) for which part of the revenue is deferred as a contract liability until the option is exercised or expires, providing the discount on future purchases is an implicit component of the consideration for the current contract and is also significant.

In determining the transaction price for the sale of equipment, the Group considers (if any) the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer:

- if the contract contains a significant financing component, the Group adjusts the promised consideration amount to reflect the transaction price that would be paid in cash at the moment when control over the good or service is transferred to the customer. The discount rate used is the rate that would be reflected in a separate financing transaction between the entity and the customer at contract inception.
- if the Group issues one-time credit to a new customer to cover his contract cancelation costs with previous service provider, this is considered as a consideration payable to the customer and the entity recognises revenue for the transfer of the related goods or services to the customer.

The total transaction price of the bundled contract is allocated among the individual performance obligations based on their relative – possibly estimated – standalone selling prices, i.e., based on a ratio of the standalone selling price of each separate element to the aggregated standalone selling prices of the contractual performance obligations. As a result, the revenue to be recognized for products (often delivered in advance) such as mobile handsets and other equipment that are sold at a subsidized price in combination with a long-term service contract is higher than the amount billed or collected. This leads to the recognition of what is known as a contract asset – a receivable arising from the customer contract that has not yet legally come into existence – in the consolidated statement of financial position. The contract asset is reversed and reduced over the remaining minimum contract period, lowering revenue from the other performance obligations (in this case: service revenues) compared with the amounts billed. In contrast to the amounts billed, this results in higher revenue from the sale of equipment and lower revenue from the provision of services.

Equipment may be sold to customers:

- at full price with payment at a point of sale – equipment revenue is recognised at the time of sale.
- at full price with deferred payment – equipment revenue is recognised at the time of sale. The fair value of receivables from sale with deferred payment is determined from the future cash flow which is discounted using an imputed rate of interest.
- at subsidised price in connection with the conclusion of a service contract with mainly post-paid business customers – the price subsidy is deferred over the life of a contract as described above.

Long-term customer receivables (e.g., arising from sales of equipment in instalments), contract assets (e.g., arising from the subsidized sale of equipment in connection with the conclusion of a long-term customer contract) or contract liabilities (e.g., arising from a prepayment by the customer) are recognized at present value if the financing component is significant in relation to the total contract value (i.e., including those performance obligations that do not contain a financing component).

The Group applies the requirements of IFRS 13 Fair Value Measurement in measuring the fair value of the non-cash consideration. If the fair value cannot be reasonably estimated, the non-cash consideration is measured indirectly by reference to the stand-alone selling price of the given goods or services. Revenue from a non-cash transaction involving advertising cannot be measured reliably at the fair value of the advertising services received. Therefore, advertising revenue obtained in an exchange of dissimilar advertising services is measured at the fair value of the advertising services given, provided that the fair value of those services given can be measured reliably. In such cases, the revenue is measured at the fair value of the airtime given up (determined by agreements made with other customers for the advertising), adjusted by any cash or cash equivalents received or paid. Revenue from non-cash transactions is recognised when the commercial is broadcasted. Expenses are recognised when the goods or service is consumed.

### 2.18.2. Contract balances

*Contract assets*

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

*Contract liabilities*

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

## 2.19. Segment reporting

- Operating segments are reported in a manner consistent with internal reporting provided to the Chief Operating Decision Maker (‘**the CODM**’). The CODM, responsible for allocating resources and assessing performance of the operating segments, has been identified as the Management Board of the Group. The Management Board is the management body responsible for the strategic management of the Group. The Management Board includes PLT VII Finance Sarl Board of Directors, the Supervisory Council members, the Group Chief Executive Officer, the Group Chief Financial Officer, the Group Chief Technology Officer, the Group Sales Director and the Group Chief Procurement Officer, the Chief Executive Officer (‘**the CEO**’) in Bitė Lietuva UAB, the CEO in Bite Latvija and TV3 Group CEO.

The Group’s performance is examined based on business type perspective. The following three reportable business segments were identified:

- Telco Lithuania – the segment includes mobile and fixed telecommunication services and PayTV services provided to customers in Lithuania.
- Telco Latvia – the segment includes mobile and fixed telecommunication services provided to customers in Latvia and PayTV services provided to customers in Latvia and Estonia.
- Media and Content – the segment includes the media operations in Lithuania, Latvia and Estonia, i.e., TV, commercial radio, streaming radio, video on demand, news and entertainment portals advertising services, wholesale and open market OTT services, content production and distribution services.

The segment revenue reporting is in line with Group accounting principles except of the activation fee classification (note 5). The Group has chosen a measure of adjusted earnings before interest, tax, depreciation and amortization (‘**Adjusted EBITDA**’) as the profit or loss measure for the reportable segments.

*Adjusted EBITDA*

EBITDA represents net profit before income tax, finance income and finance costs, share of profit/(loss) of joint ventures and depreciation and amortization expenses (other than content amortization and amortization of capitalized contract costs). Adjusted EBITDA represents EBITDA, as adjusted for certain items which management considers to be exceptional, non-cash or non-recurring in nature (i.e., transaction costs, impairment costs, revaluation of contingent considerations and other).

Interest income and finance cost are not allocated to segments, as this type of activity is driven by the Group treasury function, which manages the cash position of the Group and are not analysed by CODM.

### 2.20. Employee benefits

*Social security contributions*

The Group pays social security contributions on behalf of its employees based on the defined contribution plan in accordance with the local legal requirements. The social security contributions are recognised as an expense on an accrual basis and are included within operating expenses.

*Bonus plans*

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration various financial and individual performance targets. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

*Termination benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

*Pension obligations*

The Group operates a post-employment pension scheme which includes mainly defined-contribution pension plans, for which the Group pays contributions to publicly or privately administered pension insurance plans. A defined contribution plan is a plan with fixed contributions paid and the Group will have no legal or constructive obligations to pay further contributions if the Fund receiving contributions does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior period. Amounts paid or payable to defined-contribution pension plans are reported as an expense during the period in which the employees perform the services.

The defined-contribution plans ensure a certain predefined payment of premiums and negative changes in the value of investments are not compensated by the Group, i.e., the Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

*Share-based payment*

The shareholder of the Group has a management motivation system for the Group's management. The Group's key management acquired shares above consolidated Group under management investment agreement and is a minority shareholder of the Group. Shares are acquired at the market price. In addition to that there is a Share option program to attract, retain and reward the Group's middle level managers, where the eligible participants are granted with share options for no consideration as defined in the Option plan and subject to remaining in the Group's employment. The option provides a right to an option holder after at least 3 years to exercise it with respect to a number of shares allocated. Both shares owned and shares allocated to the options held are the shares issued by the holding entity above the consolidated Group and the holding entity is responsible for granting the benefit to eligible employees on exercise date. The exact terms of the management equity participation program are included in the Option rules and Investor's agreements.

The share option plan is an equity settled arrangement and the grant date fair value of the options is recognized as costs over the vesting period and with increase in retained earnings directly in equity as the transaction creates no obligation to provide a cash payment to these employees. The total expenses are calculated based on the fair value of shares, which is defined based on the prices paid by minority shareholders, allocated to the options at a grant date. The grant date is set to be the date of option agreement. Besides minimum of 3-year period there are no other vesting or performance conditions for the plan participants. The undistributed shares allocated to the options are revaluated at fair value each year till it is allocated to eligible employees.

### 2.21. Taxation

Corporate income tax for the reporting period is included in the consolidated financial statements based on management's calculations prepared in accordance with local countries tax legislation.

All undistributed corporate profits are tax exempt in Latvia and Estonia. The taxation of corporate profits is postponed until the profits are distributed as dividends or deemed to be distributed, such as in the case of transfer pricing adjustments, expenses and payments that do not have a business purpose, fringe benefits, gifts, donations, representation expenses, etc.

The CIT rate of 20% is applicable to the taxable base in Latvia and Estonia. However, before applying the statutory rate, the taxable base should be divided by a coefficient of 0.8. As the taxable base is increased by the coefficient, the effective CIT rate is 25% in Latvia and Estonia.

From 2018 onwards, a lower CIT at the rate of 14% for those companies making regular profit distributions is available in Estonia. The payment of dividends in the amount that is below or equal to the extent of taxed dividends paid during the three preceding years will be taxed with a rate of 14% (the tax rate on the net amount being 14/86 instead of the regular 20/80), resulting in effective CIT rate of 16,3%.

The CIT rate is 15% for Lithuania.

In Luxembourg 15% tax rate is applicable to taxable profit that does not exceed EUR 175 thousand. For taxable profits in between EUR 175-200 thousand, corporate income tax is calculated based on a formular, adding EUR 26 thousand (i.e., 15% from EUR 175 thousand) and 31% of the taxable profit exceeding EUR 175 thousand. And the rate is 17% for companies with taxable income in excess of EUR 200,001 leading to an overall tax rate of 24.94% in Luxembourg City (considering the solidarity surtax of 7% on the CIT rate and including the 6.75% municipal business tax rate applicable).

The Group's consolidation under PLT VII Finance S.à r.l. is the final level of consolidation as entities above the Group structure benefit from the consolidation exemption. The Group is not subject to regulations under Pillar II as EU Council Directive 2022/2523 of 14 December 2022 does only apply to groups that meet the annual threshold of at least EUR 750m of consolidated revenue, which has not yet been reached by the Group in 2023.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The Group recognised deferred income tax liability from undistributed earnings of subsidiaries accordingly at the expected tax rates to be applied.

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments based on which approach better predicts the resolution of the uncertainty. The Group assumes that the taxation authority will examine amounts it has a right to examine and will have full knowledge of all related information when making those examinations. If the Group concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the effect of uncertainty will be reflected in determining the related taxable profit or loss, tax bases, unused tax losses, unused tax credits or tax rates, by using either the most likely amount or the expected value, depending on which method the entity expects to better predict the resolution of the uncertainty. The Group reflects the effect of a change in facts and circumstances or of new information that affects the judgments or estimates required by the interpretation as a change in accounting estimate. The absence of agreement or disagreement by a taxation authority with a tax treatment, in isolation, is unlikely to constitute a change in facts and circumstances or new information that affects the judgments and estimates required.

## 2.22. Consolidated statement of cash flows

Consolidated statement of cash flows is prepared using the indirect method. For purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined in note 2.11.

Interest paid on the borrowings and leases are classified as operating activities. Interest and dividends received are classified as investing activities.

## 2.23. Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividend is approved by the Company's board of managers.

*(All amounts in thousands EUR unless otherwise stated)*

## 3. Financial risk management

### 3.1. Financial Risk Factors

The Group's activities expose it to a variety of financial risks, including foreign currency exchange risk, credit risk, interest rates risk and liquidity risk. The Group's management seeks to minimise potential adverse effects of financial risk on the financial performance of the Group.

In the face of a challenging and uncertain macroenvironment, the Group has successfully handled rising financing costs and inflationary pressures. The Group's robust business model has not only helped us endure but also achieve significant EBITDAaL growth, demonstrating our adaptability and commitment to sustaining long-term success in the industry.

The Group has a Treasury policy that documents the principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, cash and liquidity management and investment of excess liquidity on a daily basis. The policy defines financial instruments, roles and limits under which the risks, faced by the Group, are managed. Risk management is carried out by a Financial Control and Treasury department ('**the Treasury**'). The Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's management and the Supervisory Council.

#### 3.1.1. Foreign currency risk

The Group's exposure to foreign exchange risk is not significant as most of the Group's sales and purchases are denominated in euro (EUR).

#### 3.1.2. Interest rate risk

The interest rate risk results from the volatility of interest rates over time having an impact on interest earned and paid on assets and liabilities (borrowings), respectively. The Group's policy is to limit the risk and the impact of changing interest rates. As the change of interest rate risk mainly affects interest expense, the objective is to fix a portion of the interest expense over a pre-determined period of time by entering into relevant contractual arrangements when necessary.

The Group was not engaged in any hedging instruments as at 31 December 2023 and 2022.

The Group's sensitivity analysis of interest rates to changes in basic points ('**bp**') in borrowings' variable interest rate, which is determined as a change based on the most recent macroeconomic projections, for the years 2023 and 2022 is as follows:

| Borrowings | Principal amount as of 31 December 2023 | Impact on 2023 profit or loss | |
|---|---|---|---|
| | | + 100 bp | - 100 bp |
| Senior secured floating rate notes | 250,000 | (2,535) | 2,535 |

| Borrowings | Principal amount as of 31 December 2022 | Impact on 2022 profit or loss | |
|---|---|---|---|
| | | + 100 bp | - 100 bp |
| Senior secured floating rate notes | 250,000 | (2,535) | 2,535 |

#### 3.1.3. Liquidity risk

The Group's management evaluates and monitors continuously the amount of funding required in the Group's business activities to ensure it has adequate liquid funds to finance its operations and repay its borrowings at maturity. The funding requirements have been evaluated based on annual budget, monthly financial forecast and short-term, timely cash planning. The Group's Treasury is responsible for maintaining sufficient funding, availability of different funding sources and controlled maturity profile of external borrowings. The Group limits its refinancing risk by having a good distribution in the maturity profile of its gross debt, detailed in note 25.

*(All amounts in thousands EUR unless otherwise stated)*

As at 31 December 2023 the current ratio of the Group was less than 1. This is mainly impacted by introduction of a new arrangement with one of the main suppliers to extend the payment terms for the Group since 2023. The extended payment terms are supported by a financing arrangement between the supplier and financial institution.

To manage the liquidity risk the Group uses cash and cash equivalents and revolving credit facilities, which is undrawn at the year end. In addition to it the Group monitors Cash conversion ratio periodically to mitigate the liquidity risks.

The Group's cash and cash equivalents amounted to EUR 23,450 thousand as of 31 December 2023 (2022: EUR 42,606 thousand). In addition, the Group has undrawn revolving credit facilities amounting to EUR 50,000 thousand. The revolving credit facilities are valid until 16 April 2025. Since December 2020 the Group has a supplier financing arrangement with a financing institution and as at 31 December 2023 the unused supplier financing limit amounted to EUR 1,629 thousand (2022: EUR 4,508 thousand). Since 2023 The Group has also an arrangement with one of the main suppliers on extended payment terms with no limit assigned.

The tables below analyse the Group's financial liabilities into relevant groupings based on the remaining period at the end of the year to the contractual maturity date and current interest rates. The amounts disclosed in the table are contractual undiscounted cash flows. Balances of trade and other payables due within 12 months equal their carrying balances as the impact of discounting is not significant.

| | Less than 1 year | 1 to 5 years | Over 5 years |
|---|---|---|---|
| **31 December 2023** | | | |
| Senior secured notes (principal and interest) | 48,314 | 767,845 | - |
| Supplier financing arrangement | 39,836 | - | - |
| Lease liabilities | 19,831 | 44,963 | 6,067 |
| Contingent and deferred liabilities related to acquisitions | 506 | - | - |
| Trade, other payables and accrued expenses | 65,967 | 4,125 | 4,031 |
| **Total** | **174,454** | **816,933** | **10,098** |

| | Less than 1 year | 1 to 5 years | Over 5 years |
|---|---|---|---|
| **31 December 2022** | | | |
| Senior secured notes (principal and interest) | 46,914 | 792,528 | - |
| Supplier financing arrangement | 22,810 | - | - |
| Lease liabilities | 17,836 | 44,903 | 5,972 |
| Contingent and deferred liabilities related to acquisitions | 718 | 133 | - |
| Trade, other payables and accrued expenses | 86,308 | 4,185 | 5,305 |
| **Total** | **174,586** | **841,749** | **11,277** |

### 3.1.4. Credit risk

The Group is exposed to credit risk from its operating and financing activities. Credit risk is the risk of loss due to counterparties failing to meet all or part of their obligations. Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL), favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including. outstanding receivables. The carrying amount of financial assets represents the maximum credit risk exposure.

*(All amounts in thousands EUR unless otherwise stated)*

The Group monitors the credit risk on a group basis. The partners of the Group in cash transactions are banks with an adequate credit history and high ratings. The credit quality of cash at banks is assessed by reference to external credit ratings (Moody's) and is as follows:

| | 2023 | 2022 |
|---|---|---|
| Aa2 (1 banking institution) | 2,996 | 5,458 |
| Aa3 (3 banking institutions) | 18,288 | 35,290 |
| A2 (1 banking institution) | 993 | - |
| A3 (1 banking institution) | 1 | 797 |
| Baa1 (1 banking institution) | 823 | 518 |
| Rating not provided* | 249 | 443 |
| **Total** | **23,350** | **42,506** |

* Cash at 3 electronic money institutions, ratings not available.

Cash at electronic money institutions are used to transfer cash funds. The Group policy is not to keep the cash balances at electronic money institutions for more than 3 working days.

In addition, cash is held in retail outlets, the total cash balance in bank and on hand is disclosed in note 20.

Group's financial assets at amortised cost also include loans to related parties, trade and other receivables. The Group has no significant concentrations of credit risk as majority of trade receivables are comprised of thousands of individually insignificant amounts in Lithuania, Latvia and Estonia. The Group has implemented policies in place to ensure that services are provided to customers with an appropriate credit history.

The equipment sales to residential services customers are made in cash, via major credit cards or with deferred payment.over the period. There are controls implemented in the Group to manage this risk: restricted sales of equipment with deferred payment through high-risk sales channels, customers wishing to acquire equipment are verified against the GOscore credit risk model through Scorify UAB database and in addition to that the Social Security Fund database verification for new customers in Lithuania and Crefo birojs SIA database in Latvia as well as internal databases. Additional controls address the maximum amount that customer is allowed for buying equipment with deferred payment depending on customer type and risk model assigned to that type and while the equipment sale represents a discreet revenue event, there is also a requirement that to be eligible for the equipment financing option customers must also enter into a subscription agreement, therefore allowing the Group the ability to provide future services to the customer who bought a financed equipment.

The financial assets through FVPL include the longstanding arrangements between the Group and customer financing entities for the receivables owing by the Group customers to be transferred to the customer financing entities at the time the equipment is sold to the customer. Consistent with this arrangement, the Group has been selling the portfolio of not-due accounts receivable from the residential customers for equipment bought in instalments to customer financing entities at regular intervals, rather than at the time of sale. The accounts receivables sold to customer financing entities are less than 1 month old at the time of sale and all credit risk on the sold receivables is transferred to the customer financing entities at that time.

Credit risks, or the risk of counterparties defaulting, are controlled via credit terms and monitoring procedures. The Group has no significant concentration of credit risk with any single counterparty or group of counterparties.

*(All amounts in thousands EUR unless otherwise stated)*

### 3.1.5. Impairment of financial assets

The Group has followed the three-stage model for impairment of financial assets other than trade receivables and considered all its long-term loans at amortised cost to have Stage 1 credit risk. The credit losses determined based on probability of default within 12 months resulted in immaterial impairment loss.

| 31 December 2023 | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| **Gross carrying amount** | **23,450** | **3,814** | **-** | **27,264** |
| Accrued income | - | 306 | - | 306 |
| Other current assets | - | 1,440 | - | 1,440 |
| Contract assets | - | 2,023 | - | 2,023 |
| Loans receivable | - | 45 | - | 45 |
| Cash and cash equivalents | 23,450 | - | - | 23,450 |
| **Loss allowances** | **-** | **-** | **-** | **-** |
| Contract assets | - | - | - | - |
| Loans receivable | - | - | - | - |
| Cash and cash equivalents | - | - | - | - |
| **Net carrying amount** | **23,450** | **3,814** | **-** | **27,264** |

| 31 December 2022 | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| **Gross carrying amount** | **42,699** | **4,464** | **-** | **47,163** |
| Accrued income | - | 438 | - | 438 |
| Other current assets | - | 1,434 | - | 1,434 |
| Contract assets | - | 2,527 | - | 2,527 |
| Loans receivable | 93 | 65 | - | 158 |
| Cash and cash equivalents | 42,606 | - | - | 42,606 |
| **Loss allowances** | **-** | **-** | **-** | **-** |
| Contract assets | - | - | - | - |
| Loans receivable | - | - | - | - |
| Cash and cash equivalents | - | - | - | - |
| **Net carrying amount** | **42,699** | **4,464** | **-** | **47,163** |

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period greater than 90 days past due.

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

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade and other receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over 2020-2022 years and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified inflation of the countries in which it sells its goods and services to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected change in this factor.

*(All amounts in thousands EUR unless otherwise stated)*

The Group has calculated the following loss allowance for trade receivable and other receivables:

| | Not due or less than 30 days past due | 31-90 days past due | More than 90 days past due | Individually identified as impaired |
|---|---|---|---|---|
| Loss rate, % | 0.57% - 3.8% | 0.45% - 35.06% | 3.29% - 99.44% | 100% |
| Receivables as at 31 December 2023 | 76,764 | 8,750 | 4,105 | 9,083 |
| Loss allowance as at 31 December 2023 | (305) | (1,563) | (2,128) | (9,083) |

| | Not due or less than 30 days past due | 31-90 days past due | More than 90 days past due | Individually identified as impaired |
|---|---|---|---|---|
| Loss rate, % | 0.48% - 10.43% | 5.17% - 28.14% | 14.05% - 100% | 100% |
| Receivables as at 31 December 2022 | 69,905 | 7,939 | 3,868 | 8,482 |
| Loss allowance as at 31 December 2022 | (236) | (1,594) | (1,528) | (8,482) |

The movements in the accumulated impairment losses on trade accounts receivable is presented in note 19.

The Group has followed the three-stage model for impairment of financial assets other than trade receivables and considered all its long-term loans at amortised cost to have Stage 1 credit risk. The credit losses determined based on probability of default within 12 months resulted in immaterial impairment loss.

Management considers financial assets to be low credit risk when they have a low risk of default, and the issuer has strong capacity to meet its contractual cash flow obligations in near term. The maximum credit risk exposure in relation to financial assets measured at FVPL at 31 December 2023 is equal to the carrying amount of these assets EUR 6,584 thousand (2022: EUR 6,552 thousand).

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

### 3.2. Climate-related risks

In 2023 the Group presented ESG progress in the third sustainable business report. It includes a comprehensive evaluation of how well the Group coped with the management, social and environmental challenges faced in 2022. The report provides a comprehensive review of the Group's actions and the impact the operations had on the environment, communities, customers and employees. The report also examines how the Group is coping with various challenges when responding to climate related risks. The Group outlines steps which are being taken to further strengthen approach to ESG and sustainability. It also lays down ambitious future plans, including a commitment to the Business Ambition for 1.5 °C and long-term Net-Zero target in order to mitigate the climate change and achievements pursuing this commitment.

There is no significant financial impact of climate change on the Group's operations.

### 3.3. Capital risk management

The Group's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders,
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital management strategy aims to continually optimise its financial structure by maintaining an optimum balance between net debt and EBITDA also equity and total assets in order to minimise the cost of capital and maintain the Group's credit rating at a level that allows it to access a wide range of financing sources and instruments.

The Group's equity is comprised of issued share capital, share premium, legal reserve, reorganisation reserve and retained earnings attributable to equity holders. Management's focus is to ensure the Group companies have sufficient equity capital to comply with the minimum capital rules set by local legislation and meet covenants set in Super Senior Facility Agreement.

Pursuant to the Lithuanian Law on Companies the authorized share capital of a private limited liability company must be not less than EUR 1,000 and the shareholders' equity should not be lower than 50% of the company's registered share capital. All Lithuanian entities complied with these requirements.

Pursuant to the Latvian Commercial Law the authorized share capital of a private limited liability company must be not less than EUR 2,800. All Latvian entities complied with this requirement.

Pursuant to Estonian Commercial Code the share capital of private limited company (OU) shall be at least EUR 0.01 and the share capital of public limited company (AS) shall be at least EUR 25,000. All Estonian entities complied with this requirement. There is also the requirement for private limited company and public limited company for net assets to be more than one-half of share capital. TV Play Baltics AS complied with this requirement. As at 31 December 2023 All Media Eesti AS net assets were negative and the Group investigates the possible scenarios to mend it.

In accordance with Luxembourg requirements private limited liability companies' (S.à r.l.) share capital must be at least EUR 12,000, completely subscribed and released. Both Luxembourg companies complied with this requirement.

During 2023 and 2022 PLT VII Finance S.à r.l. has declared and paid dividends to its shareholder PLT VII Holding S.à r.l. From the standpoint of PLT VII Finance S.à r.l., it had sufficient distributable earnings available to proceed with dividend distribution.

On 8 July 2020 PLT VII Finance S.à r.l. as an original borrower entered into a new Super Senior Facility Agreement with a consortium of banks (ING bank N.V., London branch is acting as agent of the other finance parties) to obtain revolving credit facility in amount of EUR 50 million with maturity on 16 April 2025. The revolving credit facility bears interest at an annual rate of three months EURIBOR plus applicable margin, which depends on the Group's Leverage Ratio and can be set in the range from 2% to 3%. As of the date of these consolidated financial statements the margin rate is 2.5%. As at 31 December 2023, part of Super Senior Facility limit is reserved for issuing guarantees and amounts to EUR 1,022 thousand (2022: EUR 992 thousand).

On 16 July 2020 the Company as an original Issuer has issued senior secured notes in amount of EUR 650,000 thousand, with maturity on 5 January 2026. The Senior secured notes are listed on the International Stock Exchange (**'TISE'**). The Senior secured floating rate notes in amount of EUR 250,000 thousand bear interest at an annual rate of three months EURIBOR (subject to a 0% floor) plus margin 4.625%. The interest on the Senior secured floating rate notes is payable quarterly on 15 January, 15 April, 15 July and 15 October of each year. The Senior secured fixed rate notes in amount of EUR 400,000 thousand bear interest at an annual rate of 4.625%; the interest on the Senior secured fixed rate notes is payable semi-annually on 15 January and 15 July of each year.

On 8 July 2021 the Company has issued additional fixed rate senior secured notes with a principal amount of EUR 75,000 thousand and maturity on 5 January 2026. The notes bear interest at an annual rate of 4.625% which is payable semi-annually on 15 January and 15 July of each year.

The transaction costs related to senior secured notes issue amount to EUR 14,694 thousand (as adjusted by the premium related to additional senior secured notes) and are amortized to the finance costs over the notes' term (note 9).

Under the Super Senior Facility Agreement, the Group is obliged to comply with the Consolidated Secured Leverage Ratio ('**the Consolidated Leverage Ratio**'), calculated as a ratio of the consolidated total net debt and the consolidated earnings before interest, tax, depreciation and amortisation expenses ('**EBITDA**'). From 31 December 2021 the Consolidated Leverage Ratio shall be calculated and tested on a rolling quarter basis if the test condition is met, i.e., if the outstanding principal amount of all loans exceeds 35% of total commitment. As at 31 December 2023 the Group does not have any principal amount outstanding, therefore test condition is not met. The Consolidated Leverage Ratio should not exceed a flat ratio of 8.00:1. The Group has the right to 'cure' a breach of the Leverage Ratio covenant by receiving additional shareholder funding in cash ('**the Cure Amount**') within 20 business days after the last day of the relevant period in which the breach would occur without the Cure Amount. Covenants are reviewed by lenders on a regular basis during the term of the senior secured notes and facility. A breach of the Consolidated Leverage Ratio, if not cured by no later than the date falling twenty (20) Business Days after the date of the notice thereof, would enable the holders of the defaulted debt to terminate their commitments thereunder and cause all amounts outstanding with respect to such indebtedness to become due and payable immediately.

The Treasury monitors the compliance with covenants on a regular basis as a breach of these ratios would be a major risk for the Group. No balances were withdrawn under the above agreement as of 31 December 2023 and 31 December 2022, therefore no covenants were applied.

### 3.4. Fair value estimation

The different levels of methods used to measure the fair value of the financial instruments (which are recognised and measured at fair value in the consolidated statement of financial position) 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 (that is, unobservable inputs).

During 2023 and 2022 there were no transfers between the fair value hierarchy levels.

The Group has longstanding arrangements with customer financing entities to transfer them the receivables owed by customers at the time the equipment is sold to customer. The accounts receivables sold to customer financing entities are less than 1 month old at the time of sale and all credit risk on the sold receivables is transferred to the customer financing entities at that time. Fair value is determined as a cashflow received less fee paid to the financing entity. Since the significant inputs required to fair value an instrument is observable, the instrument is included in level 2.

The Group's receivables for equipment sales are discounted at market interest rate. The fair values of receivables are based on cash flows discounted using applicable statistical country's interest rate for loans with maturity more than 1 year reported by state banks of Lithuania and Latvia. This is a level 3 fair value measurement.

The fair value of the senior secured notes was EUR 721,983 thousand as of 31 December 2023 (2022: EUR 691,290 thousand). The carrying value of the borrowings is disclosed in note 25. This is a level 1 fair value measurement.

On 28 February 2020, the Group has acquired 100% shares of Baltcom SIA together with its 32.12% investment in the shares of Balticom AS, which is classified as Other investment in the consolidated statement of financial position with a gain or loss from the changes in fair value (through annual revaluations performed) recognized in other comprehensive income (note 12). Valuation is based on a combination of 2 methods (income capitalisation method and market valuation) with 70% weight for income approach and 30% weight for market approach.

Due to the short-term nature of the trade and other current receivables, trade and other current liabilities, their carrying amount is considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

## 4. Critical accounting estimates, judgements and reclassifications

### 4.1. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

- Estimations concerning the useful lives of intangible assets acquired through business combination and property, plant and equipment change over time due to constant technology advances – useful lives are disclosed in notes 2.4 and 2.6 and the depreciation/amortisation charge for the year is disclosed in notes 13 and 14. Increasing an asset's expected useful life or its residual value would result in a reduced depreciation/amortisation charge. The useful lives are determined by management at the time the asset is acquired and reviewed on an annual basis for appropriateness. The lives are based on historical experiences with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. A sensitivity analysis that includes changes in useful lives of property, plant and equipment is included in note 14.
- There are several cash-generating units ('**CGU')** in the Group, that are assessed annually for impairment in accordance with the accounting policies stated in note 2.4. Management has used the 'value in use' calculations to test goodwill for impairment. The annual test for impairment requires the Group to make substantial estimates across a variety of inputs. For example, the weighted average cost of capital ('**the WACC**') which is used as the discount rate, itself has many inputs including expected debt/equity ratio,

risk free rates of return, market specific risk factors and an estimate of the entity's specific Beta (i.e., the correlation between the risk of the underlying entity versus a market or index volatility as a whole). In addition to the WACC, the Group has to make projections of its potential future cash flows. This annual exercise requires management to assess past performance of the Group and consider the projections in light of that past performance. Key estimates in this process include revenue development, pre-tax WACC rate, EBITDA development, perpetuity growth development, capex expenditure. More details and sensitivity analysis are provided in note 13.

- Trade receivables impairment charge reflects management's estimate of potential losses arising from the failure or inability of the Group's customers to make required payments. The estimate is based on customer credit worthiness, the ageing of customer accounts and historical write-off experiences. Estimates for bad debts represent the Group's estimate of revenues that had previously been recognised that, ultimately, will not be converted into cash. Changes in actual experience of historical customer payments will result in the Group ultimately converting more or less of the sales to actual cash (note 19). The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. When evaluating the adequacy of the impairment charge, the management bases its estimates on the aging of accounts receivable and the historical write-off experience. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns, as disclosed in note 3.1.

- A provision is recognised for the future decommissioning and restoration of the sites of the base stations in Lithuania and Latvia. The amounts of the provisions recognised are the present values of the estimated future expenditures. The estimation of the future expenditures is based on current local conditions and requirements, including legal requirements, technology, dismantling service prices established by third parties, level of risk and similar criteria. Changes in any of these estimates will impact the amount of the total provision and future depreciation expenses. If the dismantling costs assumed in the discounted cash flow analysis ('**the DCF**') were to increase or decrease by 10% from management's estimates, the carrying amount of asset retirement obligation would be an estimated respectively EUR 1,288 thousand higher or lower. If the length of dismantling periods to increase or decrease by 5 years from management's current estimates, the carrying amount of asset retirement obligation would be an estimated EUR 1,454 thousand lower or EUR 1,304 thousand higher. Were the discount rate used in the DCF analysis to increase or decrease by 10%, the carrying amount of asset retirement obligation would be an estimated EUR 176 thousand lower or EUR 9 thousand higher.

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

Critical judgements in applying the entity's accounting policies are addressed below:

- In the context of the 32.12% investment in Balticom AS, acquired as part of the Baltcom SIA acquisition, management assessed and concluded that the Group has no significant influence over Balticom AS since:
  a) the Group does not participate in the board of Balticom AS, responsible for the operational and financial decisions, and only has one representative out of three in the Supervisory council of this entity.
  b) the Group does not participate in any policy-making processes, including participation in decisions about dividends or other distributions.
  c) there are no material transactions between the Group and the entity.
  d) there is no interchange of managerial personnel or technical information between the Group and the entity.

The investment is therefore accounted for at fair value with the gain or loss from changes in fair value to be recognized in other comprehensive income as per the requirements of IFRS 9.

- Judgement applied in the selection and use of accounting policies for recognition of the revenue on bundled services and products, including the determination of the separate performance obligations, as described in note 2.18.

*(All amounts in thousands EUR unless otherwise stated)*

## 4.2. Reclassifications

During 2023 the Group has changed the classification of certain costs related to content and programming costs, previously included under other expenses, the classification of the proceeds from sale of impaired trade receivables, previously included under other expenses and reclassified certain amounts related to the contract assets from the trade accounts receivable. In addition, the Group has introduced more detailed disclosure of Changes in working capital in the consolidated statement of cash flows. As the result of these changes the Group has reclassified the affected financial statement line items for comparative amounts.

Reclassification in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022:

| | Amount reported in 2022 | Reclassification | 2022 as reported in 2023 |
|---|---|---|---|
| Content and programming costs | (49,640) | (970) | (50,610) |
| Materials, consumables and maintenance costs | (22,723) | (37) | (22,760) |
| Net impairment losses on trade receivables and contract assets | (5,571) | 2,233 | (3,338) |
| Other expenses | (35,483) | (1,226) | (36,709) |
| **OPERATING PROFIT** | **87,143** | **-** | **87,143** |

Reclassification in the consolidated statement of financial position as of 31 December 2022:

| | Amount reported in 2022 | Reclassification | 2022 as reported in 2023 |
|---|---|---|---|
| CURRENT ASSETS | | | |
| Contract assets | 1,390 | 645 | 2,035 |
| Trade accounts receivable | 75,599 | (645) | 74,954 |
| **TOTAL CURRENT ASSETS** | **178,829** | **-** | **178,829** |

Reclassification in the consolidated statement of cash flows for the year ended 31 December 2022:

| | Amount reported in 2022 | Reclassification | 2022 as reported in 2023 |
|---|---|---|---|
| Adjustments to reconcile profit before income tax to the net cash flows from operating activities: | | | |
| Amortisation of capitalised contract costs | 12,754 | (12,754) | - |
| Allowances and other provisions | 5,677 | (5,677) | - |
| Change in working capital (excluding effects of acquisition) | | | |
| (Increase) in receivables | (15,661) | 5,571 | (10,090) |
| (Increase) in trading inventory | (6,715) | 106 | (6,609) |
| (Increase) in capitalised contract costs | - | (1,217) | (1,217) |
| (Decrease)/increase in trade payables | - | 8,912 | 8,912 |
| Change in other assets, provisions, accounts payable and other liabilities | (6,032) | 5,059 | (973) |
| **Net cash flows from operating activities** | **124,560** | **-** | **124,560** |

*(All amounts in thousands EUR unless otherwise stated)*

## 5. Segment reporting

The Group's performance is examined based on three reportable business segments:

- Telco Lithuania – the segment includes mobile and fixed telecommunication services and PayTV services provided to customers in Lithuania.
- Telco Latvia – the segment includes mobile and fixed telecommunication services provided to customers in Latvia and PayTV services provided to customers in Latvia and Estonia.
- Media and Content – the segment includes the media operations in Lithuania, Latvia and Estonia, i.e., TV, commercial radio, streaming radio, video on demand, news and entertainment portals advertising services, wholesale and open market OTT services, content production and distribution services.

Information on reportable segments for the year ended 31 December 2023:

| 2023 | Telco Lithuania | Telco Latvia | Media and content | Eliminations and reconciling items | Total |
|---|---|---|---|---|---|
| CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME | | | | | |
| Internal | 52,461 | 1,761 | 23,434 | (77,656) | - |
| External | 269,503 | 188,706 | 105,487 | 19 | 563,715 |
| **Revenue** | **321,964** | **190,467** | **128,921** | **(77,637)** | **563,715** |
| **ADJUSTED EBITDA** | **106,681** | **64,037** | **26,218** | **(1,429)** | **195,507** |

Information on reportable segments for the year ended 31 December 2022:

| 2022 | Telco Lithuania | Telco Latvia | Media and content | Eliminations and reconciling items | Total |
|---|---|---|---|---|---|
| CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME | | | | | |
| Internal | 47,053 | 2,182 | 19,311 | (68,546) | - |
| External | 254,886 | 175,667 | 98,790 | 90 | 529,433 |
| **Revenue** | **301,939** | **177,849** | **118,101** | **(68,456)** | **529,433** |
| **ADJUSTED EBITDA** | **97,708** | **57,087** | **24,730** | **(1,151)** | **178,374** |

The reconciling items to reported revenue are as follows:

| | 2023 | 2022 |
|---|---|---|
| Total segment revenue | 563,715 | 529,433 |
| Reconciling items to reported segment revenue: | | |
| Activation fee | 249 | 384 |
| **Total revenue in the consolidated statement of profit or loss and other comprehensive income** | **563,964** | **529,817** |

The revenue from external parties and expenses included in Adjusted EBITDA as reported to the CODM are measured in a manner consistent with that in the consolidated statement of profit or loss and other comprehensive income, except for the activation fees that in internal reporting are classified as reduction of costs but are part of the revenues in the consolidated statement of profit or loss and other comprehensive income.

*(All amounts in thousands EUR unless otherwise stated)*

A reconciliation of adjusted EBITDA to reported operating profit and profit before income tax is as follows:

| | 2023 | 2022 |
|---|---|---|
| **Operating profit** | **98,778** | **87,143** |
| Add back: Depreciation and amortization expenses | 93,146 | 88,717 |
| **EBITDA**** | **191,924** | **175,860** |
| Changes in organizational structure and other projects | 1,834 | 1,648 |
| Goodwill impairment | - | 488 |
| Inventory and construction in progress write-off | 436 | 167 |
| Employee share-based payment scheme expenses | 26 | 133 |
| Revaluation of contingent consideration | 373 | (355) |
| Other one-off reconciling items | 914 | 433 |
| **Adjusted EBITDA*** | **195,507** | **178,374** |

** non-IFRS measure*

*** EBITDA is a non-IFRS measure, calculated as profit before tax adjusted for depreciation and amortisation, finance income and finance costs and some other non-cash and extraordinary items.*

Since EBITDA/ Adjusted EBITDA is not a standard IFRS measure, the Group's definition may differ from that of other companies.

## 6. Revenue

*Disaggregation of revenue from contracts with customers*

Revenue based on products and services are set out below:

| | 2023 | 2022 |
|---|---|---|
| Mobile revenue | 240,132 | 228,655 |
| *thereof: Postpaid revenue** | *171,048* | *152,945* |
| *thereof: Prepaid revenue* | *11,386* | *12,148* |
| Equipment sale revenue | 101,886 | 100,106 |
| Media and content revenue | 82,400 | 79,466 |
| *thereof: FreeTV advertising revenue* | *72,712* | *71,726* |
| PayTV revenue | 76,954 | 67,472 |
| Fixed broadband revenue* | 52,337 | 45,376 |
| Lease of towers revenue | 2,618 | 2,365 |
| Revenue from electricity sales | 1,182 | 1,200 |
| Other revenue | 6,455 | 5,177 |
| **Total revenue** | **563,964** | **529,817** |

*(All amounts in thousands EUR unless otherwise stated)*

Revenue based on timing of revenue recognition are set out below:

| 2023 | At a point of time | Over time | Total |
|---|---|---|---|
| Mobile revenue | - | 240,132 | 240,132 |
| Equipment sale revenue | 101,886 | - | 101,886 |
| Media and content revenue | - | 82,400 | 82,400 |
| PayTV revenue | - | 76,954 | 76,954 |
| Fixed broadband revenue | - | 52,337 | 52,337 |
| Lease of towers revenue | - | 2,618 | 2,618 |
| Revenue from electricity sales | - | 1,182 | 1,182 |
| Other revenue | 4,373 | 2,082 | 6,455 |
| **Total revenue** | **106,259** | **457,705** | **563,964** |

| 2022 | At a point of time | Over time | Total |
|---|---|---|---|
| Mobile revenue* | - | 228,655 | 243,741 |
| Equipment sale revenue | 100,106 | - | 100,106 |
| Media and content revenue | - | 79,466 | 79,466 |
| PayTV revenue | - | 67,472 | 67,472 |
| Fixed broadband revenue* | - | 45,376 | 30,290 |
| Lease of towers revenue | - | 2,365 | 2,365 |
| Revenue from electricity sales | - | 1,200 | 1,200 |
| Other revenue | 3,207 | 1,970 | 5,177 |
| **Total revenue** | **103,313** | **426,504** | **529,817** |

* In the second quarter of 2023, after introducing the 5G Home Internet (Fixed Wireless Access – FWA) service to the customers, the Group is reporting the FWA (both 5G and 4G) revenues in the Fixed Broadband segment. Previously 4G FWA services were reported under Mobile Post-paid revenues therefore 2022 year-to-date revenue amounts were reclassified as to be comparable with 2023 year-to-date amounts.

Revenue from external customers by the location in which the sale or service originated:

| | 2023 | 2022 |
|---|---|---|
| Lithuania | 314,865 | 298,352 |
| Latvia | 211,778 | 196,637 |
| Estonia | 37,321 | 34,828 |
| **Total revenue** | **563,964** | **529,817** |

*(All amounts in thousands EUR unless otherwise stated)*

*Non-current assets*

Non-current assets located in countries other than the Luxembourg are:

| 31 December 2023 | Lithuania | Latvia | Estonia | Total |
|---|---|---|---|---|
| Intangible assets | 141,861 | 109,116 | 31,540 | **282,517** |
| Property, plant and equipment | 61,989 | 55,327 | 3,903 | **121,219** |
| Right of use assets | 29,704 | 21,371 | 13,152 | **64,227** |
| Capitalized contract costs | 7,550 | 8,121 | 2,949 | **18,620** |

| 31 December 2022 | Lithuania | Latvia | Estonia | Total |
|---|---|---|---|---|
| Intangible assets | 151,738 | 116,619 | 31,949 | **300,306** |
| Property, plant and equipment | 59,444 | 58,385 | 4,353 | **122,182** |
| Right of use assets | 32,676 | 24,800 | 8,457 | **65,933** |
| Capitalized contract costs | 6,533 | 5,730 | 3,364 | **15,627** |

*Contract balances*

The Group has recognized the assets and liabilities related to contracts with customers:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Current contract assets | 1,549 | 2,035 |
| Non-current contract assets | 474 | 492 |
| **Total contract assets** | **2,023** | **2,527** |
| Current contract liabilities | 10,657 | 10,856 |
| Non-current contract liabilities | 3,450 | 3,493 |
| **Total contract liabilities** | **14,107** | **14,349** |

Contract assets are initially recognised for revenue earned from subsidized sales of equipment and services when the price subsidy is deferred over the life of a contract. The portion of transaction price is allocated to the equipment and a contract asset is recognized for the receivable arising. Due to the changes in offers bundle to customers during 2023, there was a decrease of EUR 504 thousand in the contract assets compared to the previous year.

Contract liabilities are initially recognized for the consideration paid by the customer before the Group delivers the services to the customer. The contract liabilities have decreased by EUR 242 thousand (2022: increased by EUR 2,502 thousand) due to stabilised sales of equipment bundled together with service fees.

The management expects that EUR 10,657 thousand of unsatisfied performance obligations as at 31 December 2023 (2022: EUR 10,856 thousand) will be recognised as revenue during the next reporting period. The revenue recognized in 2023 that was included in the contract liability balance at the beginning of the year amounted to EUR 10,856 thousand (2022: EUR 9,714 thousand).

*(All amounts in thousands EUR unless otherwise stated)*

## 7. Employee compensation and benefit expenses

| | 2023 | 2022 |
|---|---|---|
| Employee compensation and benefit expenses: | | |
| Wages and salaries | (65,368) | (59,921) |
| Bonuses | (9,034) | (9,779) |
| Employee share-based payment scheme expenses | (26) | (132) |
| Termination benefits | (455) | (614) |
| Social Security contributions | (10,008) | (8,884) |
| **Total employee compensation and benefit expenses** | **(84,891)** | **(79,330)** |

There were 2,555 employees in the Group as of 31 December 2023 (2022: 2,681 employees), with 514 (2022: 508 employees) technology-based employees, 1,440 (2022: 1,534 employees) marketing, customer service and sales representatives, 270 (2022: 284 employees) content-related employees and 331 (2022: 355 employees) employed in all other areas.

## 8. Other expenses

| | 2023 | 2022 Reclassified |
|---|---|---|
| Frequency and other charges payable to regulatory authorities | (6,097) | (5,325) |
| TV technical and operations costs | (3,852) | (4,241) |
| TV related costs | (3,842) | (4,184) |
| Audit, tax and other consultancy fees | (3,258) | (2,291) |
| Data and internet costs | (3,155) | (2,086) |
| Dealer commission costs | (2,562) | (3,728) |
| Lease lines costs | (2,328) | (2,636) |
| Mobile number portability and other direct costs | (1,964) | (2,284) |
| Corporate events expenses | (1,621) | (1,775) |
| SIM cards and related costs | (1,370) | (1,173) |
| Billing costs | (1,366) | (1,414) |
| Insurance costs | (1,238) | (1,083) |
| Representation expenses | (1,179) | (1,022) |
| Training and travel costs | (1,143) | (1,155) |
| Revaluation of contingent consideration (note 28) | (373) | 355 |
| Other expenses | (4,940) | (2,667) |
| **Total other expenses** | **(40,288)** | **(36,709)** |

Fees to the independent auditors of the Group amounted to EUR 673 thousand (2022: EUR 634 thousand) and comprise of EUR 557 thousand audit fees (2022: EUR 390 thousand), EUR 68 thousand tax advisory services (2022: EUR 72 thousand) and EUR 48 thousand other non-audit related services (2022: EUR 171 thousand).

*(All amounts in thousands EUR unless otherwise stated)*

## 9. Finance costs and income

| | 2023 | 2022 |
|---|---|---|
| Finance costs | | |
| Senior secured notes interest expenses | (44,788) | (37,045) |
| Lease interest expenses | (2,614) | (2,864) |
| Amortization of revolving credit facility fee (note 21) | (224) | (216) |
| Bank and other interest expenses | (445) | (561) |
| Deferred payment liability for frequency charges - discounting costs | (255) | (220) |
| Assets' retirement obligation unwinding of the present value discount | (74) | - |
| Other finance costs | (87) | - |
| **Total finance costs** | **(48,487)** | **(40,906)** |
| | | |
| Finance income | | |
| Interest from financial assets held for cash management | 65 | 48 |
| Assets' retirement obligation unwinding of the present value discount | - | 311 |
| Other finance income | 61 | 206 |
| **Total finance income** | **126** | **565** |
| | | |
| **Total finance costs and income** | **(48,361)** | **(40,341)** |

## 10. Income tax

| **Income tax comprises the following:** | 2023 | 2022 |
|---|---|---|
| Current tax: | | |
| Current tax | 14,824 | 10,873 |
| Adjustments in respect of prior years | (174) | (160) |
| **Total current tax** | **14,650** | **10,713** |
| | | |
| Deferred tax: | | |
| Origination and reversal of temporary differences | 378 | 2,588 |
| **Total deferred tax** | **378** | **2,588** |
| | | |
| **Total income tax** | **15,028** | **13,301** |

*(All amounts in thousands EUR unless otherwise stated)*

Numerical reconciliation of income tax expense is as follows:

| | 2023 | 2022 |
|---|---|---|
| Profit before tax | 50,417 | 46,802 |
| Tax calculated at domestic tax rates applicable to profits in the respective countries | 5,799 | 4,925 |
| Adjustments recognised for the current income tax of prior periods | (174) | (160) |
| Tax effect of amounts which are not deductible (taxable) in calculating taxable income | 10,118 | 9,629 |
| Tax incentives used | (1,202) | (1,824) |
| Utilisation of previously unrecognised tax loss | (1,390) | (225) |
| Effect of tax losses for which no deferred income tax asset is recognised in the current year | 1,877 | 391 |
| Tax paid on undistributed earnings for which deferred tax liability was not recognised | - | 565 |
| **Total** | **15,028** | **13,301** |

Tax losses for which no deferred income tax asset was recognised due to uncertainty of its recoverability:

| Company | Expiry term | 31 December 2023 | 31 December 2022 |
|---|---|---|---|
| PLT VII Finance S.à r.l. | Unlimited | 14,739 | 7,012 |
| PLT VII International S.à r.l. | Unlimited | - | 2,602 |
| TV Play Baltics AS permanent establishment in Lithuania | Unlimited | 6,273 | 6,013 |
| Mezon UAB* | Unlimited | - | 4,969 |
| **Total** | | **21,012** | **20,596** |

* tax loss used in 2023 after the merger of Mezon UAB to Bitė Lietuva UAB on 1 April 2023 (note 11).

Tax losses in Lithuania and Luxembourg can be carried forward indefinitely until the activities continue.

The gross temporary differences for which deferred tax assets/liabilities have been recognised were as follows:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Accruals and inventory write-down | 5,555 | 5,711 |
| Accelerated tax depreciation | (2,511) | (948) |
| Difference in tax and accounting base of implementing IFRS 15 and IFRS 16 | 540 | 1,313 |
| Taxable undistributed earnings | (22,879) | (17,742) |
| Difference in tax and accounting base of goodwill | (41,360) | (41,263) |
| Fair value adjustments due to business combination related to other intangible assets | (42,542) | (51,180) |
| **Total** | **(103,197)** | **(104,109)** |
| **Tax at 15%/25% (applied for undistributed earnings amounts) rate** | **(17,768)** | **(17,390)** |

*(All amounts in thousands EUR unless otherwise stated)*

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

| | Accruals and invention write-down | Accelerated tax depreciation | Difference in tax and accounting base of implementing IFRS 15 and IFRS 16 | Tax losses | Tax on undistributed earnings | Difference in tax and accounting base of goodwill | Fair value adjustments due to business combination related to other intangible assets | Total |
|---|---|---|---|---|---|---|---|---|
| **31 December 2021** | **936** | **(575)** | **77** | **589** | **(762)** | **(5,521)** | **(9,538)** | **(14,794)** |
| Acquired as part of Marmast liabilities (note 11) | - | - | - | - | (8) | - | - | (8) |
| Credited/ (charged) to consolidated statement of profit or loss and other comprehensive income | (79) | 433 | 120 | (589) | (3,666) | (668) | 1,861 | (2,588) |
| **31 December 2022** | **857** | **(142)** | **197** | **-** | **(4,436)** | **(6,189)** | **(7,677)** | **(17,390)** |
| Credited/ (charged) to consolidated statement of profit or loss and other comprehensive income | (24) | (235) | (116) | - | (1,284) | (15) | 1,296 | (378) |
| **31 December 2023** | **833** | **(377)** | **81** | **-** | **(5,720)** | **(6,204)** | **(6,381)** | **(17,768)** |

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

*(All amounts in thousands EUR unless otherwise stated)*

Balances of deferred tax assets ('**DTA**') and liabilities ('**DTL**') as presented in the consolidated statement of financial position are:

| | Accruals and inventory write-down | Accelerated tax depreciation | Difference in tax and accounting base of implement-ting IFRS 15 and IFRS 16 | Tax on undistributed earnings | Difference in tax and accounting base of goodwill | Fair value adjustments due to business combination related to other intangible assets | Total |
|---|---|---|---|---|---|---|---|
| DTA as of 31 December 2022 | 661 | 658 | 116 | - | - | - | 1,435 |
| DTL as of 31 December 2022 | 196 | (800) | 81 | (4,436) | (6,189) | (7,677) | (18,825) |
| **Total as of 31 December 2022** | **857** | **(142)** | **197** | **(4,436)** | **(6,189)** | **(7,677)** | **(17,390)** |
| DTA as of 31 December 2023 | 833 | 298 | 120 | - | - | - | 1,251 |
| DTL as of 31 December 2023 | - | (675) | (39) | (5,720) | (6,204) | (6,381) | (19,019) |
| **Total as of 31 December 2023** | **833** | **(377)** | **81** | **(5,720)** | **(6,204)** | **(6,381)** | **(17,768)** |

*(All amounts in thousands EUR unless otherwise stated)*

## 11. Investment in subsidiaries (business combinations and asset acquisitions)

The Group's principal subsidiaries as of 31 December 2023 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group.

The country of incorporation or registration is also their principal place of business.

| Company | Country of incorporation and place of business | Nature of business | Proportion of ordinary shares held by the Group (%) 31 December 2023 | Proportion of ordinary shares held by the Group (%) 31 December 2022 |
|---|---|---|---|---|
| PLT VII Finance S.à r.l. | Luxembourg | Holding and financing company | 100 | 100 |
| PLT VII International S.à r.l. | Luxembourg | Holding and financing company | 100 | 100 |
| Bite group UAB*** | Lithuania | Holding company | 100 | - |
| All Media Group UAB*** | Lithuania | Holding company | 100 | - |
| Bitė Lietuva UAB | Lithuania | Mobile telecommunication services provider | 100 | 100 |
| Mezon UAB* | Lithuania | Internet and IPTV service provider | - | 100 |
| Bite Latvija SIA | Latvia | Mobile telecommunication services provider | 100 | 100 |
| TeleTower UAB | Lithuania | Towers and masts owner and lessor | 100 | 100 |
| Marmast UAB | Lithuania | Towers and masts owner and lessor | 100 | 100 |
| TeleTower SIA | Latvia | Towers and masts owner and lessor | 100 | 100 |
| Unistars SIA | Latvia | Internet services provider | 100 | 100 |
| All Media Lithuania UAB | Lithuania | FreeTV broadcasting company | 100 | 100 |
| All Media Radijas UAB | Lithuania | Radio broadcasting company | 100 | 100 |
| All Media Digital UAB | Lithuania | Internet advertising provider | 100 | 100 |
| All Media Eesti AS | Estonia | FreeTV broadcasting company | 100 | 100 |
| All Media Digital OÜ** | Estonia | Internet advertising provider | - | 100 |
| Mediainvest Holding AS** | Estonia | Radio broadcasting company | - | 100 |
| Buduaar Media OÜ** | Estonia | Internet platform provider/ magazine issue | - | 100 |
| Artist Media OÜ** | Estonia | Audio systems planning and maintenance | - | 100 |
| All Media Latvia SIA** | Latvia | FreeTV broadcasting company | 100 | 100 |
| Star FM SIA | Latvia | Radio broadcasting company | 100 | 100 |
| TV Play Baltics AS | Estonia | Satellite television broadcast and PayTV | 100 | 100 |
| Baltcom SIA | Latvia | Internet and data transmission services | 100 | 100 |
| B-Com Holding SIA | Latvia | Holding company | 100 | 100 |

** resolved by the way of the merger with Bite Lietuva UAB*
*** resolved by the way of merger with All Media Eesti AS*
**** separated from Bite Lietuva UAB*

During 2023 the Group subsidiary All Media Lithuania UAB has paid EUR 718 thousand deferred purchase price for All Media Digital UAB shares (acquired in 2018).

*(All amounts in thousands EUR unless otherwise stated)*

*Asset acquisition in 2022*

*Marmast UAB*

On 1 August 2022 the Group subsidiary Teletower UAB has signed an agreement to acquire Marmast UAB together with its branch in Latvia. Pursuant to the share purchase agreement, the total purchase price is EUR 1,768 thousand. As part of the acquisition the Group has issued EUR 650 thousand loan which was used to repay the debt to former shareholder. Marmast UAB owns towers in Lithuania and Latvia. The transaction costs related to this acquisition amounted to EUR 103 thousand. This acquisition was accounted as an acquisition of a group of assets. The Group has concluded that the acquisition constitutes an acquisition of assets, as substantially all of the fair value is concentrated in a single property, plant and equipment group (towers classified as network equipment in the consolidated statement of financial position).

The assets and liabilities recognised in the consolidated statement of financial position on the date of acquisition were:

| | Fair value |
|---|---|
| Property, plant and equipment | 2,447 |
| Trade and other receivables | 80 |
| Cash and cash equivalents | 36 |
| Borrowings | (650) |
| Trade payables | (27) |
| Deferred tax liability | (8) |
| Other liabilities | (7) |
| **Net identifiable assets acquired** | **1,871** |

Outflow of cash to acquire Marmast, net of cash acquired was as follows:

| | |
|---|---|
| Purchase consideration, settled in cash | 1,768 |
| Loan issued to Marmast for repayment of loans to former shareholders' | 650 |
| Transaction costs | 103 |
| Less: cash and cash equivalents acquired | (36) |
| **Net cash outflow on acquisition** | **2,485** |

## 12. Other investments

| Company | Country of incorporation and place of business | Nature of relationship | Measurement method | Proportion of ordinary shares held by the Group (%) | Nature of business | Carrying amount as of 31 December 2023 | Carrying amount as of 31 December 2022 |
|---|---|---|---|---|---|---|---|
| Balticom AS | Latvia | Equity instrument | Fair value through other comprehensive income ('**FVOCI**') | 32.12 | Mobile telecommunication services provider | 5,790 | 5,970 |

As at 31 December 2023 the fair value of the other investment was remeasured and amounted to EUR 5,790 thousand (2022: EUR 5,970 thousand), with the loss on the change in the fair value EUR 180 thousand accounted within other comprehensive income.

The other investment is classified and measured as an equity instrument designated at FVOCI as per requirements of IFRS 9. Further details on the fair value and management judgements provided in note 3.4.

*(All amounts in thousands EUR unless otherwise stated)*

## 13. Intangible assets

| | Goodwill | License costs | Software | Other intangible assets | Software under development | Total intangible assets |
|---|---|---|---|---|---|---|
| COST: | | | | | | |
| 1 January 2022 | 155,259 | 49,989 | 25,866 | 228,012 | 4,300 | 463,426 |
| Additions | - | 5,276 | 6,314 | 622 | 3,369 | 15,581 |
| Transfers between assets groups | - | (10,688) | 14,948 | 932 | (4,012) | 1,180 |
| Disposals | - | - | - | (99) | - | (99) |
| Assets no longer in use | - | - | (5,876) | (39) | - | (5,915) |
| **31 December 2022** | **155,259** | **44,577** | **41,252** | **229,428** | **3,657** | **474,173** |
| ACCUMULATED AMORTISATION AND IMPAIRMENT: | | | | | | |
| 1 January 2022 | - | (14,858) | (16,572) | (113,398) | - | (144,828) |
| Charge for the year | - | (5,660) | (8,627) | (20,313) | - | (34,600) |
| Transfers between asset groups | - | 9,035 | (9,035) | - | - | - |
| Goodwill impairment | (488) | - | - | - | - | (488) |
| Disposals | - | - | - | 99 | - | 99 |
| Assets no longer in use | - | - | 5,876 | 74 | - | 5,950 |
| **31 December 2022** | **(488)** | **(11,483)** | **(28,358)** | **(133,538)** | **-** | **(173,867)** |
| **NET BOOK VALUE 31 December 2022** | **154,771** | **33,094** | **12,894** | **95,890** | **3,657** | **300,306** |
| COST: | | | | | | |
| 1 January 2023 | 155,259 | 44,577 | 41,252 | 229,428 | 3,657 | 474,173 |
| Additions | - | 91 | 11,208 | 679 | 5,076 | 16,571 |
| Transfers between assets groups | - | - | 2,995 | 1,257 | (4,040) | 212 |
| Disposals | - | - | - | - | (23) | (23) |
| Assets no longer in use | - | (483) | (658) | - | - | (658) |
| **31 December 2023** | **155,259** | **44,185** | **54,797** | **231,364** | **4,670** | **490,275** |
| ACCUMULATED AMORTISATION AND IMPAIRMENT: | | | | | | |
| 1 January 2023 | (488) | (11,483) | (28,358) | (133,538) | - | (173,867) |
| Charge for the year | - | (5,337) | (9,373) | (19,839) | - | (34,549) |
| Assets no longer in use | - | - | 658 | - | - | 658 |
| **31 December 2023** | **(488)** | **(16,820)** | **(37,073)** | **(153,377)** | **-** | **(207,758)** |
| **NET BOOK VALUE 31 December 2023** | **154,771** | **27,365** | **17,724** | **77,987** | **4,670** | **282,517** |

*Goodwill and trademarks with indefinite life*

The Trademark ‘bitė’ with indefinite life, recorded under Other intangible assets, is allocated to the Group’s CGUs based on the country of operations: Lithuania and Latvia. As of 31 December 2023 the carrying amount of trademark allocated to Lithuanian mobile CGU amounted to EUR 12,545 thousand (31 December 2022: EUR 12,545 thousand) and to Latvian mobile CGU – EUR 4,807 thousand (31 December 2022: EUR 4,807 thousand).

The management believes that trademark ‘bitė’ has an indefinite life as it has a history of strong revenue and cash flow performance, there are high barriers to market entry (no available frequency licences), ‘bitė’ brand demonstrated its ability to survive changes and market indicators support cash inflows for an indefinite period. There were no indications that ‘bitė’ trademark was impaired as of 31 December 2023 and the impairment test performed for Group's Lithuanian and Latvian CGUs has confirmed that the trademark was not impaired as of 31 December 2023.

*(All amounts in thousands EUR unless otherwise stated)*

Goodwill is allocated to the Group's cash-generated units ('**CGU's**') based on services provided and country of operations. As of 31 December 2023 and 2022, the carrying amount of goodwill was allocated to:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Lithuanian mobile CGU | 58,848 | 58,848 |
| Baltcom CGU | 25,958 | 25,958 |
| Latvian mobile CGU | 25,160 | 25,160 |
| Pay TV CGU | 7,183 | 7,183 |
| Lithuanian FreeTV CGU | 15,762 | 15,762 |
| All Media Digital CGU | 1,618 | 1,618 |
| Latvian FreeTV CGU | 11,689 | 11,689 |
| Estonian FreeTV CGU | 8,553 | 8,553 |
| **Total goodwill** | **154,771** | **154,771** |

Management has used 'value in use' calculations to test goodwill for impairment. The annual test for impairment requires the Group to make significant estimates across a variety of inputs. The key assumptions include revenue development, pre-tax WACC rate, EBITDA development, perpetuity growth development, capital expenditures as specified here below:

| 2023 | Total Revenue (% annual growth rate) | EBITDA margin (%) | Capital expenditures (thousand EUR) | Perpetuity growth rate (%) | Pre-tax WACC rate (%) |
|---|---|---|---|---|---|
| Lithuanian mobile CGU | 1% | 36% | (32,416) | 2% | 8.6% |
| Latvian mobile CGU | 1% | 35% | (26,122) | 2% | 8.9% |
| Pay TV CGU | 5% | 9% | (2,524) | 2% | 9.8% |
| Baltcom CGU | 2% | 34% | (3,458) | 2% | 8.9% |
| Lithuanian FreeTV CGU | 2% | 26% | (419) | 2% | 9.6% |
| Latvian FreeTV CGU | 3% | 21% | (137) | 2% | 10.1% |
| Estonian FreeTV CGU | 2% | 12% | (255) | 2% | 9.6% |
| All Media Digital CGU | 5% | 25% | (30) | 2% | 9.6% |

| 2022 | Total Revenue (% annual growth rate) | EBITDA margin (%) | Capital expenditures (thousand EUR) | Perpetuity growth rate (%) | Pre-tax WACC rate (%) |
|---|---|---|---|---|---|
| Lithuanian mobile CGU | 1% | 36% | (36,042) | 2% | 9.7% |
| Latvian mobile CGU | 1% | 35% | (25,736) | 2% | 9.9% |
| Pay TV CGU | 9% | 13% | (2,332) | 2% | 11.6% |
| Baltcom CGU | 5% | 30% | (3,920) | 2% | 9.9% |
| Mezon CGU | 1% | 31% | - | 2% | 9.7% |
| Lithuanian FreeTV CGU | 3% | 32% | (444) | 2% | 11.6% |
| Latvian FreeTV CGU | 3% | 25% | (336) | 2% | 11.9% |
| Estonian FreeTV CGU | 5% | 10% | (209) | 2% | 10.9% |
| Buduaar Media CGU | 4% | 7% | (2) | 2% | 10.9% |
| All Media Digital CGU | 5% | 18% | (3) | 2% | 10.9% |
| Artist Media CGU | 7% | 17% | (19) | 2% | 10.9% |

*(All amounts in thousands EUR unless otherwise stated)*

The WACC was determined using the market average cost of debt, the EU/US mobile telecommunications industry beta and spot risk free interest rates adjusted for mature market risk premium as of 31 December 2023, and also had used the expected tax rates applicable for the future financial years.

The management has determined the values assigned to each of the above key assumptions as follows:

- Total revenue – average annual growth rate over five-year forecast period.
- EBITDA – average annual net profit before income tax, finance income and finance costs, share of profit/(loss) of joint ventures and depreciation and amortization expenses (other than content amortization and amortization of capitalized contract costs) over five-year forecast period.
- Capital expenditures – amounts disclosed are average cash outflows for the acquisition of intangible assets and property, plant and equipment over five-year forecast period.
- Perpetuity growth rate – this is the average growth rate used to extrapolate cash flows beyond the budget period.
- Pre-tax WACC rate – reflects specific risks relating to the segments and the countries in which they operate.

The calculations used for impairment testing for the year 2023 were based on the latest budget for 2024 approved by the Group's management and estimate for 2025-2028 (in 2022 calculations were based on budget for 2023 and 2024-2027 estimate), which reflects past experience, industry trends and the strategy for the coming years. Cash flows beyond the five-year period are extrapolated using the estimated growth rate stated below.

Management has used PGF of 2% (2022: 2%) and believes that the terminal growth rate used does not exceed the long-term average growth rates for the Lithuanian, Latvian and Estonian markets.

For the CGUs whereby a reasonably expected change in the key estimates would result in an impairment of the carrying value, a sensitivity analysis has been performed. The following table sets out the value of key assumption, all else being equal, in order for the recoverable amounts of CGUs to equal to their carrying values as of 31 December 2023 and 31 December 2022:

| **31 December 2023** | **FreeTV EE CGU** |
|---|---|
| Pre-tax WACC rate | 10% |
| Perpetuity growth factor (PGF) | 1.6% |
| Total revenue growth factor | (1%) |
| Carrying amount | 21,239 |
| Recoverable amount (base case) | 22,246 |

| **31 December 2022** | **Mezon CGU** | **Baltcom CGU** | **FreeTV EE CGU** |
|---|---|---|---|
| Pre-tax WACC rate | 10% | 11% | 12% |
| Perpetuity growth factor (PGF) | 1% | 1% | 0.2% |
| Total revenue growth factor | (2%) | (1%) | (2%) |
| Carrying amount | 26,457 | 53,932 | 16,768 |
| Recoverable amount (base case) | 29,319 | 58,552 | 19,939 |

The Group concluded that no impairment should be recorded against goodwill of Estonian Free TV CGU as of 31 December 2023.

During 2022 the carrying amount of the Buduaar Media CGU (included under Estonian Free TV CGU since 2023 after the merger) has been reduced to its recoverable amount through recognition of an impairment loss against goodwill. The loss amounting to EUR 488 thousand is included in impairment loss line in the consolidated statement of profit or loss and other comprehensive income.

*License costs*

License costs include the net book value of EUR 6,963 thousand of 2G/3G licenses with a remaining amortisation period of 1-8 years (2022: EUR 10,964 thousand), EUR 11,207 thousand of 4G licenses with a remaining amortisation period of 7-10 years (2022: EUR 12,966 thousand), EUR 4,538 thousand of 5G licenses with a remaining amortisation period of 18 years (2022: EUR 4,499 thousand) and EUR 4,657 thousand of other licenses (2022: EUR 4,665 thousand).

*Software*

The additions during 2023 mainly include software acquired for 5G and VoLTE rollout, also investments into billing system upgrade.

*(All amounts in thousands EUR unless otherwise stated)*

*Other intangible assets*

Other intangible assets include the net book value of EUR 32,166 thousand of customers' contracts and relationships with a remaining amortisation period of 1-11 years (2022: EUR 47,905 thousand); EUR 17,352 thousand of trademarks that have an indefinite useful life (2022: EUR 17,352 thousand), EUR 23,575 thousand of trademarks with a remaining amortisation period of 9 years (2022: EUR 26,244 thousand) and EUR 274 thousand of trademarks with a remaining amortisation period of 7 years (2022: EUR 317 thousand); other intangible assets EUR 4,620 thousand (2022: EUR 4,072 thousand).

## 14. Property, plant and equipment

| | Land and buildings | Network equipment | Other property, plant and equipment | Construction in progress | Total property, plant and equipment |
|---|---|---|---|---|---|
| COST: | | | | | |
| 1 January 2022 (reclassified) | 6,165 | 148,559 | 27,591 | 7,642 | 189,957 |
| Acquisition through subsidiary other than business combination (note 11) | 18 | 3,269 | - | - | 3,287 |
| Additions | 48 | 8,146 | 3,632 | 40,688 | 52,514 |
| Transfers between asset groups | 152 | 23,072 | 2,598 | (27,002) | (1,180) |
| Disposals | - | (1,844) | (576) | (663) | (3,083) |
| Assets no longer in use | 11 | (8,412) | (4,166) | (274) | (12,841) |
| **31 December 2022** | **6,394** | **172,790** | **29,079** | **20,391** | **228,654** |
| ACCUMULATED DEPRECIATION: | | | | | |
| 1 January 2022 (reclassified) | (1,283) | (70,464) | (12,991) | - | (84,738) |
| Acquisition through subsidiary other than business combination (note 11) | - | (840) | - | - | (840) |
| Charge for the year | (273) | (29,074) | (6,311) | - | (35,658) |
| Disposals | - | 1,844 | 440 | - | 2,284 |
| Assets no longer in use | (11) | 8,408 | 4,083 | - | 12,480 |
| **31 December 2022** | **(1,567)** | **(90,126)** | **(14,779)** | **-** | **(106,472)** |
| **NET BOOK VALUE 31 December 2022** | **4,827** | **82,664** | **14,300** | **20,391** | **122,182** |
| COST: | | | | | |
| 1 January 2023 | 6,394 | 172,790 | 29,079 | 20,391 | 228,654 |
| Additions | 121 | 10,596 | 3,799 | 22,886 | 37,402 |
| Transfers between assets groups | 5 | 25,865 | 4,914 | (30,996) | (212) |
| Disposals | (4) | (1,472) | (2,134) | (350) | (3,960) |
| Assets no longer in use | - | (8,078) | (2,853) | (485) | (11,416) |
| **31 December 2023** | **6,516** | **199,701** | **32,805** | **11,446** | **250,468** |
| ACCUMULATED DEPRECIATION: | | | | | |
| 1 January 2023 | (1,567) | (90,126) | (14,779) | - | (106,472) |
| Charge for the year | (283) | (29,610) | (7,017) | - | (36,910) |
| Disposals | 4 | 1,472 | 1,878 | - | 3,354 |
| Assets no longer in use | - | 8,078 | 2,701 | - | 10,779 |
| **31 December 2023** | (1,846) | (110,186) | (17,217) | - | (129,249) |
| **NET BOOK VALUE 31 December 2023** | **4,670** | **89,515** | **15,588** | **11,446** | **121,219** |

If estimated useful lives of property, plant and equipment have been one year longer, the Group's annual depreciation costs would have decreased approximately by EUR 7,474 thousand over the year ended 31 December 2023 (2022: EUR 7,383 thousand).

*(All amounts in thousands EUR unless otherwise stated)*

## 15. Right of use assets

| | Buildings and premises | Network equipment | Vehicles | Lease lines | Satellite and other right of use assets | Total right of use assets |
|---|---|---|---|---|---|---|
| **COST:** | | | | | | |
| 1 January 2022 (reclassified) | 31,457 | 66,509 | 6,455 | 5,544 | 22,182 | 132,147 |
| Additions and remeasurements | 3,189 | 9,753 | 1,462 | 2,697 | 103 | 17,204 |
| Write-offs due to early termination | (82) | (5,741) | (560) | (71) | (41) | (6,495) |
| **31 December 2022** | **34,564** | **70,521** | **7,357** | **8,170** | **22,244** | **142,856** |
| ACCUMULATED DEPRECIATION: | | | | | | |
| 1 January 2022 (reclassified) | (13,939) | (28,954) | (3,835) | (4,089) | (10,587) | (61,404) |
| Charge for the year | (5,597) | (6,936) | (1,159) | (1,586) | (3,181) | (18,459) |
| Write-offs due to early termination | 80 | 2,506 | 278 | 43 | 33 | 2,940 |
| **31 December 2022** | **(19,456)** | **(33,384)** | **(4,716)** | **(5,632)** | **(13,735)** | **(76,923)** |
| **NET BOOK VALUE 31 December 2022** | **15,108** | **37,137** | **2,641** | **2,538** | **8,509** | **65,933** |
| **COST:** | | | | | | |
| 1 January 2023 | 34,564 | 70,521 | 7,357 | 8,170 | 22,244 | 142,856 |
| Additions and remeasurements | 5,404 | 2,969 | 1,484 | 2,637 | 8,603 | 21,097 |
| Transfers between assets groups | (2,686) | 2,879 | - | 1,708 | (1,901) | - |
| Write-offs due to early termination | (503) | (1,554) | (552) | (151) | - | (2,760) |
| **31 December 2023** | **36,779** | **74,815** | **8,289** | **12,364** | **28,946** | **161,193** |
| ACCUMULATED DEPRECIATION: | | | | | | |
| 1 January 2023 | (19,456) | (33,384) | (4,716) | (5,632) | (13,735) | (76,923) |
| Charge for the year | (4,489) | (10,817) | (1,284) | (1,810) | (3,287) | (21,687) |
| Transfers between assets groups | 1,881 | (1,976) | - | (1,091) | 1,186 | - |
| Write-offs due to early termination | 402 | 873 | 329 | 40 | - | 1,644 |
| **31 December 2023** | **(21,662)** | **(45,304)** | **(5,671)** | **(8,493)** | **(15,836)** | **(96,966)** |
| **NET BOOK VALUE 31 December 2023** | **15,117** | **29,511** | **2,618** | **3,871** | **13,110** | **64,227** |

The expense relating to leases of low value or short-term assets amounted to EUR 422 thousand (2022: EUR 456 thousand) and is included under rental costs in the consolidated statement of profit or loss and other comprehensive income.

## 16. Capitalized contract costs

As at 31 December 2023, the capitalized contract costs amounted to EUR 18,620 thousand (31 December 2022: EUR 15,627 thousand) and consisted of EUR 8,812 thousand (31 December 2022: EUR 6,855 thousand) capitalized bonuses paid to employees for signing new or extending contracts, EUR 6,860 thousand (31 December 2022: EUR 5,407 thousand) capitalized commissions paid to external parties for signing MBB/voice rate plans for Bite and EUR 2,948 thousand (31 December 2022: EUR 3,365 thousand) capitalized costs to obtain the contract for PayTV, mainly associated with STB boxes, installation costs, etc.

Capitalized contract costs amortization expenses are classified separately from depreciation and amortisation expense in the consolidated statement of profit or loss and other comprehensive income and amounted EUR 14,903 thousand in 2023 (2022: EUR 12,754 thousand).

*(All amounts in thousands EUR unless otherwise stated)*

## 17. Inventories

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Programme rights | 28,970 | 28,509 |
| Equipment | 9,273 | 9,452 |
| IoT and related goods | 3,970 | 3,739 |
| Prepaid products and other inventories | 4,046 | 4,103 |
| | **46,259** | **45,803** |
| Less: loss allowance on slow moving inventories | (128) | (345) |
| **Total inventories** | **46,131** | **45,458** |

The amounts included as Equipment costs in the consolidated statement of profit or loss and other comprehensive income represent the amount of equipment recognised as an expense during the year.

## 18. Financial instruments by category

The Group holds the following financial instruments:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| **Financial assets** | | |
| Financial assets at amortised cost | | |
| Trade accounts and other receivable | 87,063 | 79,788 |
| Accrued income | 306 | 438 |
| Loans receivable | 45 | 158 |
| Cash and cash equivalents | 23,450 | 42,606 |
| | **110,864** | **122,990** |
| Financial assets at fair value through profit or loss | 6,584 | 6,552 |
| **Total financial assets** | **117,448** | **129,542** |
| **Financial liabilities** | | |
| Financial liabilities at amortised cost | | |
| Borrowings | 733,820 | 729,741 |
| Supplier financing arrangement | 39,193 | 22,562 |
| Trade and other payables excluding statutory liabilities | 71,322 | 92,606 |
| | **844,335** | **844,909** |
| Financial liabilities at fair value through profit or loss | 506 | 851 |
| **Total financial liabilities** | **844,841** | **845,760** |

The impairment losses in relation to financial assets are disclosed in note 3.1.5.

*(All amounts in thousands EUR unless otherwise stated)*

## 19. Trade receivables

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Gross trade accounts receivable | 98,702 | 90,194 |
| Allowance for expected credit losses | (13,079) | (11,840) |
| **Trade accounts receivable, net** | **85,623** | **78,354** |
| Less: non-current portion (note 21) | (5,711) | (3,400) |
| **Current portion of trade accounts receivable, net** | **79,912** | **74,954** |

The fair values of trade accounts receivable approximate the carrying values as of 31 December 2023 and 31 December 2022.

The Group has applied the IFRS 9 simplified approach of measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

As of 31 December 2023, trade receivables of EUR 13,188 thousand (2022: EUR 12,350 thousand) were over 90 days past due. The allowance for those receivables was EUR 11,211 thousand (2022: EUR 10,010 thousand):

| | More than 90 days past due | Individually identified as impaired |
|---|---|---|
| Receivables as at 31 December 2023 | 4,105 | 9,083 |
| Loss allowance as at 31 December 2023 | (2,128) | (9,083) |
| | | |
| Receivables as at 31 December 2022 | 3,868 | 8,482 |
| Loss allowance as at 31 December 2022 | (1,528) | (8,482) |

Movements on the allowance for impairment of trade receivables are as follows:

| | 2023 | 2022 Reclassified |
|---|---|---|
| Beginning balance as at 1 January | 11,840 | 9,886 |
| Loss allowance during the year | 4,299 | 3,338 |
| Amounts written-off | (3,060) | (1,384) |
| **Closing balance as at 31 December** | **13,079** | **11,840** |

The Group provides customers with an option to purchase equipment through instalment payments over a period in Lithuania and Latvia which increases customer volatility for repayments.

There are also longstanding arrangements between the Group and customer financing entities for the receivables on the Group customers to be transferred to the customer financing entities at the time the equipment is sold to the customer. Consistent with this arrangement the Group has been selling the portfolio of not-due accounts receivable from the residential customers for equipment bought in instalments to customer financing entities at regular intervals, rather than at the time of sale. The accounts receivable sold to customer financing entities are less than 1 month old at the time of sale and all credit risk on the sold receivables is transferred to the customer financing entities at that time. The Group has classified these receivables as financial assets at fair value through profit or loss (note 22).

During 2023 the Group has sold trade receivables to third parties comprising EUR 6,849 thousand (2022: EUR 3,277 thousand) of original value, receiving EUR 5,136 thousand (2022: EUR 1,832 thousand) in total. The debts sold were originated during the 2018-2023.

The creation and release of impairment losses of trade receivables is included into a line item 'Net impairment losses on trade receivables and contract assets' in the consolidated statement of profit or loss and other comprehensive income.

The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables mentioned above. The Group does not hold any collateral as security.

*(All amounts in thousands EUR unless otherwise stated)*

## 20. Cash and cash equivalents

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Cash at bank and in hand | 23,450 | 42,606 |
| **Total** | **23,450** | **42,606** |

The credit risk associated with the cash at bank is disclosed in note 3.1.4.

## 21. Other non-current assets and receivables

Other non-current assets and receivables comprise of:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Non-current part of trade receivables for equipment | 5,711 | 3,400 |
| Non-current part of dividend receivable from other investments | - | 92 |
| **Total financial assets** | **5,711** | **3,492** |
| Revolving credit facility fee (note 25) | 310 | 534 |
| Non-current part of advance payments for lease of cable network | 109 | 140 |
| Other non-current prepayments and assets | 1,274 | 1,644 |
| **Total non-financial assets** | **1,693** | **2,318** |
| **Total** | **7,404** | **5,810** |

The Group offers to customers instalment payments for equipment purchase over a period. As of 31 December 2023, outstanding trade receivables from such equipment sales totals EUR 14,199 thousand (31 December 2022: EUR 11,925 thousand). The non-current part of trade receivables for equipment amounts to EUR 5,711 thousand (31 December 2022: EUR 3,400 thousand). The current portion of receivables from the sales amounts to EUR 8,488 thousand (31 December 2022: EUR 8,525 thousand) and is included into a line item 'Trade accounts receivable' in the consolidated statement of financial position.

The fair value of trade receivables is disclosed in note 19.

## 22. Financial assets at fair value through profit or loss

There are longstanding arrangements between the Group and customer financing entities for the receivables owed by customers to be transferred to the customer financing entities at the time the equipment is sold to the customer. Consistent with this arrangement the Group has been selling the portfolio of not-due accounts receivable from the residential customers for equipment bought in instalments to customer financing entities at regular intervals, rather than at the time of sale. The accounts receivables sold to customer financing entities are less than 1 month old at the time of sale and all credit risk on the sold receivables is transferred to the customer financing entities at that time. The Group is paying one-off fixed rate commission to the financing entity at the moment of every sale and carries no further cash flow risk, as commissions paid cannot be adjusted subsequently, depending on default rates or any other factors. The gross amount of receivables sold during 2023 by Bite Lietuva UAB and Bite Latvija SIA was EUR 76,684 thousand (2022: EUR 71,111 thousand) and cash received for those sales during 2023 was EUR 68,457 thousand (2022: EUR 63,832 thousand). The Group has classified these receivables as financial assets at fair value through profit or loss and the balance as at 31 December 2023 amounted to EUR 6,584 thousand (31 December 2022: EUR 6,552 thousand).

*(All amounts in thousands EUR unless otherwise stated)*

## 23. Other current assets at amortised cost

The current portion of the other assets and prepayments is specified below:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Accrued income | 306 | 438 |
| Other current assets | 1,440 | 1,342 |
| **Total financial assets** | **1,746** | **1,780** |
| Current part of PayTV prepaid expenses | 443 | 395 |
| Other prepayments and deferred expenses | 5,283 | 4,988 |
| **Total non-financial assets** | **5,726** | **5,383** |
| **Total** | **7,472** | **7,163** |

## 24. Equity

*Share capital*

PLT VII Finance S.à r.l. was incorporated on 3 March 2020 in Luxembourg as a private limited liability company (société à responsabilité limitée) with the issued share capital set at EUR 12 thousand, divided into 12,000 ordinary shares each with a nominal value of EUR 1. The share capital was subscribed and fully paid up by the sole shareholder PLT VII Holding S.à r.l. Pursuant to the Articles of the Company, the authorised share capital (including the authorised unissued share capital and the issued share capital) amounts to EUR 500,000 thousand.

On 8 November 2022 the sole shareholder of the Company has carried out a share capital contribution in amount of EUR 5,490 thousand without an issue of shares to the freely distributable account of the Company. The share capital increase was allocated to the share premium in the Company's statement of financial position.

On 24 February 2023 the Company has carried EUR 470 thousand repayment out of the freely distributable account of the Company to the sole shareholder PLT VII Holding S.à r.l.

As of 31 December 2023, the share capital of PLT VII Finance S.à r.l. amounts to EUR 33,585 thousand (31 December 2022: EUR 33,585 thousand) and consists of 33,585,110 fully paid ordinary shares (31 December 2022: 33,585,110 shares) at par value of EUR 1 each. The share premium of the Company amounts to EUR 6,720 thousand as of 31 December 2023 (31 December 2022: EUR 7,190 thousand).

*Dividend distribution*

On 30 September 2022 the Company has declared EUR 74,400 thousand of interim dividends to its sole shareholder PLT VII Holding S.à r.l. On 7 October 2022 interim dividends in amount of EUR 68,910 thousand was paid in cash. On 8 November 2022 interim dividends in amount of EUR 5,490 thousand were offset against share premium amount payable by the sole shareholder.

On 9 October 2023 the Company has declared EUR 64,300 thousand of interim dividends to its sole shareholder PLT VII Holding S.à r.l. On 13 October 2023 EUR 64,300 thousand was paid in cash.

*Reorganization reserve*

In the course of the Group's restructuring, on 30 April 2020 the Company became an ultimate parent of PLT VII Finance B.V. and PLTF Group. The transaction was accounted for as a legal reorganization of the Company by PLT VII Finance B.V., therefore these consolidated financial statements are presented using the values from the consolidated financial statements of the previous group holding company. The reorganization reserve was formed due to the elimination of the share capital of PLT VII Finance B.V. (EUR 14,825 thousand) and Company's investment in PLTF Group. Since the shareholders of PLT VII Finance S.à r.l. became the ultimate shareholders of PLT VII Finance B.V. and PLTF Group through contribution in kind as described above, the combination is accounted for as though there is a continuation of the legal subsidiary's financial information.

*(All amounts in thousands EUR unless otherwise stated)*

## 25. Borrowings

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Senior secured notes (1) | 733,768 | 729,655 |
| Revolving credit facilities (2) | 52 | 86 |
| **Outstanding balance at the end of year** | **733,820** | **729,741** |

(1) As of 31 December 2023, the carrying amount of senior secured notes includes accrued interest of EUR 14,783 thousand and net unamortised arrangement fee of EUR 6,015 thousand.

(2) As of 31 December 2023, the carrying amount of revolving credit facilities includes accrued interest of EUR 52 thousand.

The contractual maturity of the borrowings was as follows:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Not later than 1 year | 14,835 | 13,468 |
| Later than 1 year but not later than 5 years | 718,985 | 716,273 |
| Later than 5 years | - | - |
| **Outstanding balance at the end of year** | **733,820** | **729,741** |
| | | |
| Less: current portion | (14,835) | (13,468) |
| **Total non-current borrowings** | **718,985** | **716,273** |

Under the Super Senior Facility Agreement the Group is obliged to comply with the covenants that are disclosed in note 3.3.

The fair value of the borrowings is disclosed in note 3.4.

*Super Senior Facility Agreement*

On 8 July 2020 PLT VII Finance S.à r.l. as an original borrower entered into a new Super Senior Facility Agreement with a consortium of banks (ING bank N.V., London branch is acting as agent of the other finance parties) to obtain revolving credit facility in amount of EUR 50 million with maturity in April 2025. The revolving credit facility bears interest at an annual rate of three months EURIBOR plus applicable margin, which depends on the Group's Leverage Ratio and can be set in the range from 2% to 3%. As of the date of these consolidated financial statements the margin rate is 2.5%. The Group is charged with a commitment fee to maintain the facility availability. The commitment fee is calculated at the rate of 30% of the applicable margin on the un-drawn part of the respective facility.

Fee paid upon the signing of the Super Senior Facility agreement that is associated with the undrawn balance of the facility is capitalized as revolving credit facility fee and included into a line item 'Other non-current assets and receivables' in the consolidated statement of financial position (note 21). The revolving credit facility fee is amortized till the end of the agreement into a line item "Financial costs" in the statement of profit or loss and other comprehensive income (note 9). The balance of the facility under the Super Senior Facility Agreement is nil as at 31 December 2023 and 2022.

*Senior Secured Notes*

On 16 July 2020 the Company as an original Issuer has issued senior secured notes in amount of EUR 650,000 thousand, with maturity on 5 January 2026. The Senior secured floating rate notes in amount of EUR 250,000 thousand bear interest at an annual rate of three months EURIBOR (subject to a 0% floor) plus margin 4.625%. The interest on the Senior secured floating rate notes is payable quarterly on 15 January, 15 April, 15 July and 15 October of each year. The Senior secured fixed rate notes in amount of EUR 400,000 thousand bear interest at an annual rate of 4.625%; the interest on the Senior secured fixed rate notes is payable semi-annually on 15 January and 15 July of each year.

*Additional senior secured notes*

On 8 July 2021 the Company as an original issuer has issued additional fixed rate senior secured notes with a principal amount of EUR 75,000 thousand and maturity on 5 January 2026. The notes bear interest at an annual rate of 4.625% which is payable semi-annually on 15 January and 15 July of each year.

The transaction costs related to senior secured notes issue amount to EUR 14,694 thousand (as adjusted by the premium related to additional senior secured notes) and are amortized to the finance costs over the notes' term (note 9).

*(All amounts in thousands EUR unless otherwise stated)*

Negative EURIBOR is deemed to be zero as per the contractual stipulations.

Net debt reconciliation is as follows:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Cash and cash equivalents | 23,450 | 42,606 |
| Borrowings – repayable within 1 year | (14,835) | (13,468) |
| Borrowings – repayable after 1 year | (718,985) | (716,273) |
| Lease – repayable within 1 year | (19,129) | (17,225) |
| Lease – repayable after 1 year | (42,447) | (42,334) |
| **Net debt** | **(771,946)** | **(746,694)** |

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Cash and cash equivalents | 23,450 | 42,606 |
| Gross debt – fixed interest rates | (540,744) | (536,047) |
| Gross debt – variable interest rates | (254,653) | (253,253) |
| **Net debt** | **(771,947)** | **(746,694)** |

| | Other assets | Liabilities from financing activities | | | | |
|---|---|---|---|---|---|---|
| | Cash and cash equivalents | Lease due within 1 year | Lease due after 1 year | Borrowings due within 1 year | Borrowings due after 1 year | Total |
| Net debt as of 1 January 2022 | 56,751 | (16,854) | (49,723) | (12,748) | (713,716) | (736,290) |
| Cash flows | (14,181) | 18,561 | 2 | (720) | 49 | 3,711 |
| Acquisition – Marmast (note 11) | 36 | - | - | - | - | 36 |
| Other non-cash movements | - | (18,932) | 7,387 | - | (2,606) | (14,151) |
| **Net debt as of 31 December 2022** | **42,606** | **(17,225)** | **(42,334)** | **(13,468)** | **(716,273)** | **(746,694)** |
| | | | | | | |
| Net debt as of 1 January 2023 | 42,606 | (17,225) | (42,334) | (13,468) | (716,273) | (746,694) |
| Cash flows | (19,156) | 19,898 | - | (1,367) | - | (625) |
| Other non-cash movements | | (21,802) | (113) | - | (2,712) | (24,627) |
| **Net debt as of 31 December 2023** | **23,450** | **(19,129)** | **(42,447)** | **(14,835)** | **(718,985)** | **(771,946)** |

## 26. Lease liabilities

The contractual maturity of lease liabilities are as follows:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Not later than 1 year | 19,129 | 17,225 |
| Later than 1 year but not later than 5 years | 38,430 | 38,379 |
| Later than 5 years | 4,017 | 3,955 |
| **Outstanding balance at the end of year** | **61,576** | **59,559** |
| | | |
| Less: current portion | (19,129) | (17,225) |
| **Total non-current lease liabilities** | **42,447** | **42,334** |

Net lease liability reconciliation is provided in note 25.

*(All amounts in thousands EUR unless otherwise stated)*

## 27. Supplier financing arrangement

Since December 2020 the Group is using a supplier financing arrangement with the financial institution which offers to a supplier of the Group an option to receive earlier payment of the Group's accounts payable. The Group does not provide any additional collateral or guarantee to the financial institution.

Since 2023 The Group has also an arrangement with one of the main suppliers on extended payment terms with no limit assigned. The extended payment terms are supported by a financing arrangement between the supplier and financial institution. Amounts payable under such arrangement are presented in the line item 'Supplier financing arrangements' in the consolidated statement of financial position.

As at 31 December 2023, the payable under the supplier financing arrangement amounted to EUR 39,193 thousand (2022: EUR 22,562 thousand).

## 28. Non-current and current liabilities and accrued expenses

Other non-current liabilities comprise of:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Deferred payment liabilities for frequency charges | 5,355 | 6,298 |
| **Total financial liabilities** | **5,355** | **6,298** |
| Contingent consideration for business combinations | - | 133 |
| **Total financial liabilities at fair value through profit or loss** | **-** | **133** |
| Other non-current liabilities | 1,280 | 1,190 |
| **Total non-current liabilities** | **1,280** | **1,190** |
| **Total** | **6,635** | **7,621** |

The deferred payment liabilities for frequency charges comprises deferred payments (15-20 years since acquisition) for the right to use 900-1800 MHz bands until year 2032, acquired in 2016, the right to use 3600-3700 MHz bands until year 2042 and right to use 723-728 MHz and 778-783 MHz bands until year 2042, both acquired in 2022.

As payment of the consideration is deferred beyond normal credit terms (i.e., was not initially paid in full), the asset has been recognised at the equivalent of cash paid, and the difference between this amount and the amount to be paid overtime will be recognised as interest expense during the period of the credit.

Deferred payment liabilities related to frequency charges as described above are as follows:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Not later than 1 year | 466 | 462 |
| Later than 1 year but not later than 5 years | 2,067 | 2,053 |
| Later than 5 years | 3,288 | 4,245 |
| **Outstanding balance at the end of year** | **5,821** | **6,760** |
| Less: current portion | (466) | (462) |
| **Total non-current liability** | **5,355** | **6,298** |

*(All amounts in thousands EUR unless otherwise stated)*

The current accrued expenses and other liabilities comprise of the following:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Current liabilities | 145 | 182 |
| Other accrued expenses | 7,518 | 6,863 |
| **Total financial liabilities** | **7,663** | **7,045** |
| Contingent consideration for business combinations (note 11) | 506 | 718 |
| **Total financial liabilities at fair value through profit or loss** | **506** | **718** |
| Salaries, bonuses and related social security tax payable | 9,725 | 10,182 |
| Vacation reserve | 5,469 | 5,475 |
| Other taxes payable | 7,694 | 6,509 |
| **Total current accrued expenses and other liabilities** | **22,888** | **22,166** |
| **Total** | **31,057** | **29,929** |

There was no remaining non-current part of contingent consideration related to the acquisition of All Media Digital UAB as at 31 December 2023 (EUR 133 thousand balance as at 31 December 2022). During 2023 the Group has carried EUR 718 thousand earn-out payments to the previous shareholders of All Media Digital UAB. The current part of contingent consideration related to All Media Digital UAB amounts to EUR 506 thousand as at 31 December 2023.

## 29. Provisions

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Asset retirement obligation | 12,875 | 14,776 |
| Provisions for legal claims | 310 | 457 |
| Other provisions | 123 | 82 |
| **Total** | **13,308** | **15,315** |

*Asset retirement obligation*

Operating companies Bitė Lietuva UAB, Bite Latvija SIA, TeleTower UAB and TeleTower SIA record the fair value of an asset retirement obligation as a liability in the period in which it incurs an obligation associated with the retirement of tangible long-lived assets that result from acquisition, construction, development and/or normal use of assets; also record a corresponding asset, which is depreciated over the life of the underlying asset. Subsequent to the initial measurement of the asset retirement obligation, the obligation is adjusted at the end of each period to reflect the passage of time and changes in estimated future cash flows underlying the obligation. The asset retirement obligation is recorded on owned mobile telecommunication towers, masts and telecommunication equipment where there is an obligation to remove and dismantle the asset at the time the entity discontinues its use.

The following table indicates the changes to the Group's asset retirement obligation:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Opening provision | 14,776 | 13,159 |
| Accretion expense (finance cost) | 74 | (311) |
| Dismantling costs incurred | (90) | (13) |
| Liability re-estimation at the end of the year | (1,885) | 1,941 |
| **Closing provision** | **12,875** | **14,776** |

*(All amounts in thousands EUR unless otherwise stated)*

The main estimates used in the calculation of the provision are:

- estimated dismantling costs discount rate is credit-adjusted risk-free rate of 2.32% (2022: 4.63%) in Lithuania and 1.84% (2022: 4.07%) in Latvia,
- inflation rate of 6.31% (2022: 8.56%).

*Provisions for legal claims*

The provisions for legal claims comprise of the amount provided for the dispute regarding channel distribution in TV Play Baltics AS, and couple disputes in relation to reports showed in the news program in All Media Latvia SIA.

## 30. Transactions with related parties

On 8 November 2022 the sole shareholder of the Company has carried out a share capital contribution in amount of EUR 5,490 thousand without an issue of shares to the freely distributable account of the Company. The share capital increase was allocated to the share premium in the Company's statement of financial position.

On 30 September 2022 the Company has declared EUR 74,400 thousand of interim dividends to its sole shareholder PLT VII Holding S.à r.l.

On 24 February 2023 the Company has carried EUR 470 thousand repayment out of the freely distributable account of the Company to the sole shareholder PLT VII Holding S.à r.l.

On 9 October 2023 the Company has declared EUR 64,300 thousand of interim dividends to its sole shareholder PLT VII Holding S.à r.l.

The ultimate parent entity and controlling parties of the Company are Providence Equity Partners VII-A LP and Providence VII Global Holdings LP which are both registered in the Cayman Islands.

In 2020 PLT VII International S.à r.l. has granted loans to PLT VII Baltic Topco S.à r.l. in the total amount of EUR 131 thousand. As at 31 December 2022 the outstanding balance of granted loans was EUR 93 thousand, which was fully repaid during 2023.

The following transactions were carried out with related parties:

| | 2023 | 2022 |
|---|---|---|
| Interest income from PLT VII Baltic Topco S.à r.l. | 1 | 5 |
| **Total** | **1** | **5** |

The receivables from related parties:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Loan granted to PLT VII Baltic Topco S.à r.l. | - | 92 |
| Interest receivable from PLT VII Baltic Topco S.à r.l. | - | 1 |
| **Total** | **-** | **93** |

## 31. Key management compensation

The key management of the Group are as follows:

- PLT VII Finance Sarl Board of Directors,
- The Supervisory Council members,
- The Group Chief Executive Officer, the Group Chief Financial Officer, the Group Chief Technology Officer, the Group Sales Director and the Group Chief Procurement Officer,
- The CEO in Bitė Lietuva UAB, the CEO in Bite Latvija and TV3 Group CEO.

*(All amounts in thousands EUR unless otherwise stated)*

Remuneration (salaries, bonuses and other compensations) to respective management in respect of their work performed for the Group is shown below:

| | 2023 | 2022 |
|---|---|---|
| Remuneration | 1,959 | 2,098 |
| Bonuses | 1,419 | 1,253 |
| Social security contributions | 137 | 143 |
| **Short-term employee benefits, total** | **3,515** | **3,494** |
| Termination expenses | 275 | - |
| **Total** | **3,790** | **3,494** |

The outstanding payable balances to respective management in respect of their work performed to the Group were EUR 1,409 thousand as of 31 December 2023 (31 December 2022: EUR 1,178 thousand).

*Transactions with key management other than compensation*

The Group key management is minority shareholder of PLT VII Baltic Topco S.à r.l., holding 9% of total share capital of this entity.

During the year ended 31 December 2023, and as of 20 March 2024, neither manager nor any other executive officer, nor any associate of any director or any other executive officer, was indebted to the Group's companies.

During the year ended 31 December 2023, and as of 20 March 2024, the Company and its consolidated subsidiaries have not been a party to any other material transaction, or proposed transactions, in which any member of the key management (including members of Supervisory Council, Managers, any other executive officer, any spouse or relative of any of foregoing or any relative of such spouse) had or was to have a direct or indirect material interest.

## 32. Commitments and contingencies

*Purchase commitments*

As of 31 December 2023, the Group has placed orders for network equipment and IT systems to be purchased in 1 year for an amount of EUR 17,674 thousand. Also, the Group has signed contracts in relation to sports rights for an amount of EUR 19,207 thousand and other FreeTV and PayTV content rights for an amount of EUR 32,565 thousand. The Group has ordered external services for IT and network maintenance, support and other services for a total amount of EUR 4,753 thousand, services related to program rights for a total amount of EUR 2,658 thousand and to acquire electricity for a total amount of EUR 1,548 thousand.

*Collaterals*

At the date of the senior secured notes issue, the obligations of the Group were secured with the following first-ranking collaterals:

- Pledge over the shares of PLT VII International S.à r.l., Bitė Lietuva UAB, Teletower UAB, All Media Lithuania UAB, Bite Latvija SIA, All Media Latvia SIA, Teletower SIA, TV Play Baltics AS, Bitė group UAB, All Media Group UAB, Baltcom SIA.
- Pledge over the existing and future funds in material bank accounts of PLT VII Finance S.à r.l., PLT VII International S.à r.l., Bitė Lietuva UAB, Teletower UAB, All Media Lithuania UAB, TV Play Baltics AS, Bitė group UAB, All Media Group UAB.
- Pledge over the existing and future claims in respect of material receivables, i.e. rights and claims arising under the material intragroup loans held by PLT VII Finance S.à r.l., PLT VII International S.à r.l., Bitė Lietuva UAB, Teletower UAB, All Media Lithuania UAB, Bite Latvija SIA, Teletower SIA, All Media Latvia SIA, TV Play Baltics AS, Bitė group UAB, All Media Group UAB, Baltcom SIA.

## 33. Events occurring after the reporting period

There were no other subsequent events or transactions that required recognition or disclosure in the consolidated financial statements.

These consolidated financial statements were adopted and signed by the Managers of PLT VII Finance S.à r.l. on 25 March 2024:

| | |
|---|---|
| Stuart Twinberrow | Claude Larbière |
| Manager | Manager |