UCom CJSC

Consolidated Financial Statements for 2023

Contents

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of UCom CJSC

Opinion

We have audited the consolidated financial statements of of UCom CJSC (the Company) and its subsidiary (together - the Group), which comprise the consolidated statement of financial position as of 31 December 2023, and the consolidated statement of profit or loss, and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2023 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)*, together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Armenia and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

Responsibilities of the management and those charged with governance for the consolidated financial statements

Management of the Group is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS accounting stadards, and for such internal control as management 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, management is responsible for assessing the Group's ability to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operation, or has no realistic alternative but to do so.

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

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives 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 auditor's report that includes our opinion. Reasonable assurance is high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

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Misstatements arise from fraud and 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 ISAs, we exercise professional judgment and maintain professional skepticism 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 management.
- Conclude on the appropriateness of management's use of going concern basis of accounting and, based on the obtained audit evidence, 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 auditor's 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 auditor's 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.

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

29 August 2024
"BDO Armenia" CJSC

Vahagn Sahakyan, FCCA
Managing partner

Sergey Yakovlev, FCCA
Engagement partner

'000 AMD	Note	31 December 2023	31 December 2022
Assets			
Property and equipment	10	34,565,902	34,833,028
Intangible assets	11	58,700,913	31,381,809
Right of use assets	12	6,904,517	7,901,834
Prepaid income tax		340,876	340,876
Borrowings provided	13	1,376,893	1,376,893
Prepayments and other assets		1,683,525	449,871
Non-current assets		**103,572,626**	**76,284,311**
Inventories	14	1,613,892	1,603,038
Contract assets		-	158,005
Trade receivables	5,23(c)	6,310,421	6,941,406
VAT receivables		206,104	316,054
Prepayments and other assets		485,586	365,657
Cash and cash equivalents	15	952,913	975,206
Current assets		**9,568,916**	**10,359,366**
Total assets		**113,141,542**	**86,643,677**
Equity			
Share capital		23,903	23,903
Accumulated losses		(19,028,017)	(24,591,122)
Additional paid-in capital		35,084,845	35,084,845
Total equity	16	**16,080,731**	**10,517,626**
Non-current liabilities			
Loans and borrowings	19	36,885,306	38,478,801
Provisions	20	1,796,401	2,344,938
Lease liability	12	6,809,454	5,708,570
Trade and other payables	22	27,318,405	-
Contract liabilities	21	7,057,151	7,537,734
Non-current liabilities		**79,866,717**	**54,070,043**
Current liabilities			
Loans and borrowings	19	3,934,449	4,211,927
Other liabilities		120,607	120,608
Lease liability	12	2,187,516	3,945,037
Trade and other payables	22	10,101,928	12,971,661
Contract liabilities	21	849,594	806,775
Current liabilities		**17,194,094**	**22,056,008**
Total liabilities		**97,060,811**	**76,126,051**
Total equity and liabilities		**113,141,542**	**86,643,677**

'000 AMD	Note	2023	2022
Revenue	5	38,308,098	36,254,172
Other income	6	5,339,155	1,082,860
Depreciation and amortisation expense		(11,221,324)	(11,756,116)
Reversal of impairment losses / (impairment) of intangible assets		2,306,000	(2,164,266)
Personnel expenses		(7,180,680)	(6,490,068)
(Impairment)/Reversal of impairment losses on trade receivables		(227,286)	155,258
Other expenses	7	(15,458,877)	(15,805,880)
Results from operating activities		**11,865,086**	**1,275,960**
Net foreign exchange (loss) / gain	8	(1,307,942)	9,048,207
Finance income	8	5,878	9,187
Finance costs	8	(4,999,917)	(6,078,475)
Net finance (loss) / income		**(6,301,981)**	**2,978,919**
Profit before income tax		**5,563,105**	**4,254,879**
Total comprehensive income for the year		**5,563,105**	**4,254,879**

These consolidated financial statements from pages 5-56 were approved by management on 29 August 2024 and were signed on its behalf by:

Ralph Yirikian
General Director

Syune Parsyan
Chief Financial Officer

'000 AMD	Attributable to equity holders of the Group			
	Share capital	Additional paid-in capital	Accumulated losses	Total equity
Balance at 1 January 2022	23,903	35,084,845	(28,846,001)	6,262,747
Loss and total comprehensive income for the year	-	-	4,254,879	4,254,879
Balance at 31 December 2022	**23,903**	**35,084,845**	**(24,591,122)**	**10,517,626**
Balance at 1 January 2023	23,903	35,084,845	(24,591,122)	10,517,626
Loss and total comprehensive income for the year	-	-	5,563,105	5,563,105
Balance at 31 December 2023	**23,903**	**35,084,845**	**(19,028,017)**	**16,080,731**

UCom CJSC
Consolidated Statement of Cash Flows for 2023

'000 AMD	2023	2022
Cash flows from operating activities		
Cash received from customers, inclusive of VAT	43,520,539	40,496,720
Cash paid to suppliers, inclusive of VAT	(16,053,392)	(16,010,894)
Cash paid to employees, inclusive of taxes	(6,763,918)	(6,244,209)
Payments of taxes other than on income	(6,089,980)	(4,641,164)
Net cash from operating activities	**14,613,249**	**13,600,453**
Cash flows from investing activities		
Interest received	5,694	7,909
Acquisition of property and equipment	(5,446,411)	(4,069,824)
Proceeds from sales of property and equipment	7,520	664
Acquisition of intangible assets	(4,734,506)	(2,041,685)
Net cash used in investing activities	**(10,167,703)**	**(6,102,936)**
Cash flows from financing activities		
Loans and borrowings received (Note 19)	15,580,957	-
Repayments of loans and borrowings (Note 19)	(14,329,430)	(1,768,090)
Repayment of debt securities issued (Note 19)	-	(2,370,997)
Payment of lease liabilities (Note 12)	(2,540,697)	(2,032,406)
Interest paid (Note 19)	(3,188,843)	(2,513,852)
Net cash used in financing activitie	**(4,478,013)**	**(8,685,345)**
Net decrease in cash and cash equivalents	**(32,467)**	**(1,187,828)**
Cash and cash equivalents at 1 January	975,206	2,221,887
Effect of exchange rate fluctuations on cash and cash equivalents	10,174	(58,853)
Cash and cash equivalents at 31 December (Note 13)	**952,913**	**975,206**

Notes to the Consolidated Financial Statements for 2023

1. Reporting entity

(a) Armenian business environment

The Group's operations are located in Armenia. Consequently, the Group is exposed to the effects of changes of economic and financial markets of Armenia.

Legal, tax, and legislative systems continue to develop being subject to several interpretations and frequent changes, which among other legal and financial obstacles creates additional complications for organizations operating in Armenia.

On February 2022, because of the military conflict between the Russian Federation and Ukraine, a number of countries imposed sanctions against the Russian Federation. The conflict affects not only the economic activity of two countries but the global economy as well. As a result of sanctions, commodity and food prices have risen in many countries around the world, the established links between supply of resources have been disrupted, inflation also affects the prices, and analysts also forecast economic implications for the global industry.

The level of business activity in the Russian Federation also has a significant impact on the economic environment of the Republic of Armenia, as there are significant flows of funds from the Russian Federation to the Republic of Armenia. Therefore, the political tension in the region, international sanctions, stock market instability, acute inflation and other risks facing the Russian Federation may have a negative impact on the RA economy.

Armenian economy has successfully resisted existing global turbulences and managed to register impressive macroeconomic indicators both in 2023 and 2022, mainly due to tourism, reallocation of number of companies into Armenia and significant increase of remittances. All the mentioned factors have resulted in 8.7% increase in GDP in 2023. The government's 2021-2026 economic program seeks to advance an export-oriented and investment-driven growth model through a broad-based reform effort.

Such an operating environment has a significant impact on the Group's operations and financial condition. The Group takes the necessary measures to ensure the stability of the Group's activities, however, based on the unpredictability of the development of events, the Management does not have the opportunity to make a reliable assessment of the impact such circumstances will have on the Group's financial position for the coming years.

The future effects of the current economic situation and the actions to be taken by the Government are difficult to predict, and the Group's management's current

(b) Organisation and operations

UCom CJSC (the "Company") was established in accordance with the legislation of the Republic of Armenia in April 1994 and is the legal successor of Moskva LLC and Araqini Enker LLC. The Company was renamed as UCom LLC on 12 December 2007 following the amendments made in the Company's charter. The Company started its operations on 22 October 2007 while remaining dormant until then. On 15 January 2020 the Company reorganised its legal form from limited liability company to closed joint stock company as defined in the Civil Code of Armenia. UCom LLC was liquidated and a new entity, UCom CJSC, was established, which is the legal successor of UCom LLC.

As at 31 December 2023 the Company's registered address was 8/4 Davit Anhaght street, Yerevan 0069, Republic of Armenia.

On 31 August 2015 the Company obtained control of Orange Armenia CJSC by acquiring 100% of the shares and voting rights of that Company. On 31 March 2016 Orange Armenia CJSC was legally merged to UCom CJSC.

In February 2017 the Company legally merged with its two subsidiaries: Interactive TV LLC and Icon Communications CJSC.

The issued and outstanding ordinary share capital comprises 23,903,447 ordinary shares. All shares have a nominal value of AMD 1.

The Company's principal activity is the provision of mobile telecommunication, broadband and wireless internet, digital television and landline digital telephony services in the Republic of Armenia, as well as data transmission and hosting services. The Company also sells communication equipment to corporate and individual customers. On 7 June 2018 the Company established a new entity UPay CJSC (the "Subsidiary"). UPay CJSC is a 100% subsidiary of the Company.

The Subsidiary's principal activities are provision of collection services, e.g. collection of utility, loan, state budget payments from customers on behalf of service providers and provision of loans on behalf of credit organisations through its 42 branches.

The Group does not have ultimate controlling party. Related party transactions are disclosed in Note 25.

2. Basis of preparation

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (IASB) and Interpretations (collectively IFRS Accounting Standards).

(b) Going concern

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to discharge its liabilities including the mandatory repayment terms of the banking facilities.

As at 31 December 2023 Group's current liabilities exceeded current assets by AMD 7,625,179 thousand (2022: AMD 11,696,642 thousand).

Management is confident that the The Group has experienced an increase in revenue and market share over the current financial period. Management is confident in the Group's ability to continue operating as a going concern, supported by its strong financial performance for the past two years. The Company's strategic plan focuses on expansion, which is underpinned by these trends. Based on these factors, management believes that the Company will be able to meet its obligations and continue its operations for the foreseeable future.

Based on these factors, management has a reasonable expectation that the Group has and will have adequate resources to continue in operational existence for the 12 months following the date of approval of these financial statements. Accordingly, management believes that there is no significant uncertainty with regards to Group's ability to continue as going concern.

(c) Changes in accounting policies

New standards, interpretations and amendments effective from 1 January 2023
IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 *Insurance Contracts* (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 *Insurance Contracts* (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. IFRS 17 introduces new accounting requirements for banking products with insurance features that may affect the determination of which instruments or which components thereof will be in the scope of IFRS 9 or IFRS 17.

Credit cards and similar products that provide insurance coverage: most issuers of these products will be able to continue with their existing accounting treatment as a financial instrument under IFRS 9. IFRS 17 excludes from its scope credit card contracts (and other similar contracts that provide credit or payment arrangements) that meet the definition of an insurance contract if, and only if, the entity does not reflect an assessment of the insurance risk associated with an individual customer in setting the price of the contract with that customer.

When the insurance coverage is provided as part of the contractual terms of the credit card, the issuer is required to:

- Separate the insurance coverage component and apply IFRS 17 to it;
- Apply other applicable standards (such as IFRS 9, IFRS 15 *Revenue from Contracts with Customers* or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*) to the other components.

Loan contracts that meet the definition of insurance but limit the compensation for insured events to the amount otherwise required to settle the policyholder's obligation created by the contract: Issuers of such loans - e.g. a loan with waiver on death - have an option to apply IFRS 9 or IFRS 17. The election would be made at a portfolio level and would be irrevocable.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right;
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgements*, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognized for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The new standards, interpretations and amendments effective from 1 January 2023 do not have an impact on the Group's financial statements.

3. Functional and presentation currency

The national currency of the Republic of Armenia is the Armenian Dram ("AMD"), which is Group's functional currency and the currency in which these consolidated financial statements are presented. All financial information presented in AMD has been rounded to the nearest thousand, except when otherwise indicated.

4. Significant accounting estimates and judgments

The preparation of consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements and assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within next financial year is included in the following notes:

- Note 2(b) - assumptions relating to Group's ability to continue as a going concern
- Note 5 - determination of significant financing component on advances received under IRU contracts; determination of collectability of revenue from terminated contracts;
- Note 12 - determination of lease term and incremental borrowing rate;
- Note 27(h)(iii) - useful lives of property and equipment;
- Note 11 - key assumptions in the testing of non-current assets for impairment;
- Note 20 - key assumptions in the estimation of dismantling provision;
- Note 23(c) - measurement of ECL allowance for trade receivables: key assumptions in determining the weighted-average loss rate;
- Note 9 - non-recognition of deferred tax assets;
- Note 11 - determination of the spectrum fee upfront payments as intangible assets with indefinite useful lives.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- *Level 1:* quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2:* inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3:* inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 23 -fair values and risk management.

5. Revenue

(a) Revenue streams

'000 AMD	2023	2022
Revenue from contracts with customers		
Fixed broadband internet	12,278,227	10,932,935
Mobile services (including mobile internet)	11,713,110	10,323,497
Sales of goods	3,976,586	3,975,969
Digital television	3,341,835	3,679,879
Mobile broadband internet	2,478,160	2,651,604
Interconnection and roaming	2,281,149	2,143,300
IRU, IP and data transit	1,534,922	1,976,682
Landline digital telephony and interconnection	294,967	313,624
Implementation of systems	205,057	-
Network construction works	79,998	97,340
Other	124,087	136,199
Total revenue from contracts with customers	**38,308,098**	**36,231,029**
Other revenue		
Lease of telecommunication equipment	-	23,143
Total revenue	**38,308,098**	**36,254,172**

(b) Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical market and timing of revenue recognition.

'000 AMD	2023	2022
Primary geographical markets		
Domestic	35,958,609	33,544,475
Middle East countries	1,163,580	1,662,157
Euro-zone countries	690,421	538,713
Other CIS countries	379,250	377,143
Others	116,238	108,541
	38,308,098	**36,231,029**
Timing of revenue recognition		
Point in time	3,976,586	3,975,969
Over time	34,331,512	32,255,060
Revenue from contracts with customers	**38,308,098**	**36,231,029**
Other revenue	-	23,143
Total revenue	**38,308,098**	**36,254,172**

(c) Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

'000 AMD	31 December 2023	31 December 2022
Trade receivables	6,310,421	6,941,406
Contract assets	-	158,005
Contract liabilities	7,906,745	8,344,509

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date as well as incremental costs incurred to obtain a contract, such as sales agent commission. The contract assets related to work completed but not billed are transferred to receivables when the rights become unconditional. The contract assets related to incremental costs incurred to obtain a contract are amortized over the time of respective revenue recognition period.

The Group assesses the collectability of revenue and other income from penalties related to terminated (defaulted) contracts at the time of revenue recognition. Based on historical information of collections below 30% of such revenue, the Group has assessed that revenue should not be recognised for terminated contracts considering low probability of collection.

The contract liabilities comprise advances received under IRU contracts, network installation fees and other deferred revenue. Advances received under IRU contracts relate to the advance consideration received from customers for granting an access to certain dark fibers from Group's infrastructure.

The amount of AMD 952,834 thousand recognised in contract liabilities at the beginning of the period has been recognised as revenue for the period ended 31 December 2023 (824,283 thousand for the period ended 31 December 2022).

Remaining performance obligations under IRU contracts included in contract liabilities are expected to be recognised in revenue of future periods as follows:

'000 AMD	31 December 2023	31 December 2022
Less than 1 year	475,773	444,435
1-2 years	517,592	464,409
2-5 years	2,209,285	1,859,854
More than 5 years	4,239,039	5,125,412
	7,441,689	**7,894,110**

No information is provided about remaining performance obligations at 31 December 2023 that have an original expected duration of one year or less, as allowed by IFRS 15.

(d) Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of product/ service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Interconnection services	Access charges for interconnect services are earned from other telecommunication operators for traffic originated on the Group's network under agreements which also regulate the Group's use of the other operators' networks. Interconnect services are billed and paid on a monthly basis.	Revenue from interconnect fees is recognized over time as the services are performed.
Fixed services (Internet, television and voice over IP)	Group derives revenue from each subscriber for fixed services. Performance obligation is satisfied when services are performed. Service is postpaid.	Revenue from fixed services primarily consists of monthly fixed charges for usage of services and is recognized over time as the services are provided using time elapsed measure of progress.
Mobile and internet data services (mobile voice, data, roaming, messaging, internet data)	Group derives revenue from each subscriber for mobile and internet data services. Performance obligation is satisfied when services are performed based upon minutes of use and messages processed, data consumed. Service is both prepaid and postpaid.	Revenue from mobile and internet data service is recognized over time, as service is provided. Measure of progress is based on data usage, minutes of use, messages processed. For bundled packages, the Group accounts for individual services separately, if they are distinct, that is, if a service is separately identifiable from other items in the bundled package and if a customer can benefit from it. The consideration is allocated between separate services in a bundle based on their stand-alone selling prices. Monthly subscription fee is recognized as revenue in the month when the service is provided to the subscriber. For bundled packages, as the unused megabytes, messages, and minutes, cannot be carried forward to subsequent period, revenue is recognized over time, based on time elapsed measure of progress commencing from the activation of the package up to the expiration of service term. These services are billed and paid for on a monthly basis.
IRU, IP and data transit	The Group derives revenue from fixed charges for usage of the cable network of the Group. Performance obligation is satisfied when services are performed. The service is prepaid.	The Group has certain long-term Indefeasible Right to Use ("IRU") contracts, where the obligation for network maintenance and the related risk of return is retained with the Group during the life of the contract.

Type of product/ service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
		The Group adjusts the transaction price for a significant financing component and recognizes the related interest expense in the consolidated statement of profit or loss and other comprehensive income. The Group recognizes revenue on a straight-line basis over the term of the contract.
Sales of goods	Customer obtains control over goods sold which mainly comprise of telecommunication equipment and handsets, in the Group's customer service centers. Invoices are generated and revenue is recognized at that point in time. Invoices for corporate customers are payable within 30 days. Invoices for individual customers are payable in cash right after the invoice has been generated or in case of credit sales the partner bank pays for the goods sold within 30 days. No loyalty points or returns are offered for sales of goods.	Revenue is recognized when the goods are provided to the customer in the Group's customer service center and the invoice is generated. For bundled packages, the Group accounts for individual goods sold separately, if they are distinct, that is, if the goods sold are separately identifiable from other items in the bundled package and if a customer can benefit from it. The consideration is allocated between the goods sold and services provided within the tariff plan in a bundle based on their stand-alone selling prices.

6. Other income

'000 AMD	2023	2022
Waiver of loan repayments (Note 19)	4,356,835	-
Income from non-core services	306,366	61,478
Net income from modification of lease contracts	262,154	218,485
Reimbursement of damages	191,321	68,678
Recovery of inventory as a result of inventory count	101,446	569,365
Other	121,033	164,854
	5,339,155	**1,082,860**

7. Other expenses

'000 AMD	2023	2022
Cost of equipment sold	3,627,302	3,564,756
Interconnection and roaming expenses	2,606,261	3,134,184
Technical support and maintenance	1,462,393	1,560,773
Office maintenance, electricity and utility	1,389,989	1,380,464
Purchase of TV channels	1,141,817	1,169,693
Purchase of internet	806,885	841,292
Commission expenses	688,912	559,698
Operation and maintenance fees for IRU contracts	505,337	671,963
Advertising, marketing and distribution	489,130	441,926
Professional services	396,058	129,126
Office and transportation costs	379,003	352,583
Rent other than leases	162,916	174,718
Other tax expenses	103,905	124,767
Other	1,698,969	1,699,937
	15,458,877	**15,805,880**

8. Net finance costs

'000 AMD	2023	2022
Recognised in profit or loss		
Interest income	5,878	9,187
Finance income	**5,878**	**9,187**
Interest expense on loans and borrowings and debt securities	(2,984,629)	(3,360,525)
Interest expense from amortization of lease liability	(1,132,874)	(1,849,131)
Interest expense on contract liability from IRU contracts	(500,950)	(479,777)
Unwinding of discount on spectrum fees payable	(252,737)	(264,111)
Unwinding of discount on site restoration provision	(128,727)	(121,858)
Unwinding of discount on deferred payables for purchase of equipment	-	(3,073)
Finance costs	**(4,999,917)**	**(6,078,475)**
Net foreign exchange (loss) / gain	(1,307,942)	9,048,207
Net finance income recognised in profit or loss	**(6,301,981)**	**2,978,919**

9. Income taxes

Amounts recognised in profit or loss

The Group's applicable tax rate is the income tax rate of 18% for Armenian companies (2022: 18%).

'000 AMD	2023	2022
Deferred tax expense		
Origination and reversal of temporary differences	-	-
Income tax expense	-	-

10. Property and equipment

'000 AMD	Land and buildings	Network infrastructure	Equipment	Transportation facilities	Fixtures and fittings	Leasehold improvement	Construction in progress	Total
Cost								
Balance at 1 January 2022	1,213,718	40,054,017	34,640,876	551,887	1,472,236	558,467	548,702	79,039,903
Additions	16,302	426,804	2,682,641	8,510	176,459	100,568	20,010	3,431,294
Transfers	62,341	69,523	(77,096)	153	58,059	10,696	(123,676)	-
Disposals	-	(68,143)	(477,029)	-	(16,067)	(7,974)	(15,728)	(584,941)
Balance at 31 December 2022	1,292,361	40,482,201	36,769,392	560,550	1,690,687	661,757	429,308	81,886,256
Balance at 1 January 2023	1,292,361	40,482,201	36,769,392	560,550	1,690,687	661,757	429,308	81,886,256
Additions	3,615	1,878,378	2,359,812	114,241	126,869	66,178	103,860	4,652,953
Transfers	91,940	214,346	5,090	-	-	13,717	(325,093)	-
Disposals	-	(1,586)	(745,335)	(205)	(51,534)	-	(4,945)	(803,605)
Balance at 31 December 2023	1,387,916	42,573,339	38,388,959	674,586	1,766,022	741,652	203,130	85,735,604
Depreciation								
Balance at 1 January 2022	178,372	15,005,870	25,478,707	535,024	1,144,523	166,651	-	42,509,147
Depreciation for the year	26,344	2,561,889	1,978,456	14,219	138,431	45,648	-	4,764,987
Transfers	1,553	(63,503)	(95,665)	-	156,062	1,553	-	-
Disposals	-	(570)	(205,924)	-	(14,412)	-	-	(220,906)
Balance at 31 December 2022	206,269	17,503,686	27,155,574	549,243	1,424,604	213,852	-	47,053,228
Balance at 1 January 2023	206,269	17,503,686	27,155,574	549,243	1,424,604	213,852	-	47,053,228
Depreciation for the year	31,526	2,269,779	2,201,410	25,293	93,359	32,836	-	4,654,203
Transfers	(10,567)	6,431	73,983	(186)	(36,470)	(33,191)	-	-
Disposals	-	(363)	(486,866)	(205)	(50,295)	-	-	(537,729)
Balance at 31 December 2023	227,228	19,779,533	28,944,101	574,145	1,431,198	213,497	-	51,169,702
Carrying amounts								
At 1 January 2022	1,035,346	25,048,147	9,162,169	16,863	327,713	391,816	548,702	36,530,756
At 31 December 2022	1,086,092	22,978,515	9,613,818	11,307	266,083	447,905	429,308	34,833,028
At 31 December 2023	1,160,688	22,793,806	9,444,858	100,441	334,824	528,155	203,130	34,565,902

(a) Security

At 31 December 2023 properties with a carrying amount of AMD 7,723,567 thousand (2022: AMD 8,476,410 thousand) are pledged to secure bank loans (see Note 19).

11. Intangible assets

'000 AMD	Customer base	Licences and trademarks	Capacity IRU	Billing system and other software	Total
Cost					
Balance at 1 January 2022	165,170	41,555,567	15,532,597	7,519,165	64,772,499
Additions		174,197	-	790,056	964,253
Disposals	-	(607,060)	(459,814)	(154,048)	(1,220,922)
Balance at 31 December 2022	**165,170**	**41,122,704**	**15,072,783**	**8,155,173**	**64,515,830**
Balance at 1 January 2023	165,170	41,122,704	15,072,783	8,155,173	64,515,830
Additions	-	29,666,218	-	314,984	29,981,202
Disposals	-	(131,897)	-	-	(131,897)
Balance at 31 December 2023	**165,170**	**70,657,025**	**15,072,783**	**8,470,157**	**94,365,135**
Amortisation and impairment losses					
Balance at 1 January 2022	165,170	15,868,776	5,848,376	5,130,295	27,012,617
Amortisation for the year	-	3,558,787	991,378	627,895	5,178,060
Impairment	-	2,164,266	-	-	2,164,266
Disposals	-	(607,060)	(459,814)	(154,048)	(1,220,922)
Balance at 31 December 2022	**165,170**	**20,984,769**	**6,379,940**	**5,604,142**	**33,134,021**
Balance at 1 January 2023	165,170	20,984,769	6,379,940	5,604,142	33,134,021
Amortisation for the year	-	3,505,347	991,378	471,372	4,968,097
Reversal of impairment losses	-	(2,306,000)	-	-	(2,306,000)
Disposals	-	(131,896)	-	-	(131,896)
Balance at 31 December 2023	**165,170**	**22,052,220**	**7,371,318**	**6,075,514**	**35,664,222**
Carrying amounts					
At 1 January 2022	-	25,686,791	9,684,221	2,388,870	37,759,882
At 31 December 2022	-	20,137,935	8,692,843	2,551,031	31,381,809
At 31 December 2023	-	**48,604,805**	**7,701,465**	**2,394,643**	**58,700,913**

As at 31 December 2023 UCom CJSC holds licenses for use of radio-frequency spectrum for provision of mobile and fixed services (the "Permissions"). The Permissions are granted by Public Services Regulatory Commission and allow the Group to provide mobile services. There are permissions expired in November 2023. The Group prolonged permissions until 2038 year. The Group pays annual fee for use of radio-frequency spectrums. The annual fee payables are recognised as intangible asset at their present value.

Impairment testing

During the year ended 31 December 2023 Group continued to incur capital expenditures in connection with the improvements to network quality. The Group's property and equipment and intangible assets were assessed for impairment as at 31 December 2023.

The recoverable amount of the CGU was based on its value in use which was determined by discounting the future cash flows generated from the continuing operations of the Group. The recoverable amount of the CGU was determined to be higher than its carrying amount and no impairment loss was recognised.

Key assumptions used in discounted cash flow projections

Key assumptions used in the calculation of recoverable amounts are discount rate, terminal value growth rates and EBITDA margins. These assumptions are as follows:

(i) Discount rate

Pre-tax nominal discount rate of 15.84% was applied in determining the recoverable amount of the CGU. The discount rate was estimated based on past experience, and industry average weighted average cost of capital, which was based on a possible range of debt leveraging of 41.7% at a market interest rate of 12%.

Terminal value growth rate

Cash flows were projected based on past experience, actual operating results and the five-year business plan. A long-term growth rate into perpetuity of 0% long term growth rate has been applied considering that without the development and modernization of telecommunication infrastructures the Group's growth will not be feasible in the future.

(ii) Budgeted EBITDA margins

Budgeted EBITDA was estimated based on the past experience of the existing operations, adjusted as follows.

The Group projected revenue growth from estimated sales volume and price growth. As a result decline of EBITDA margin was projected from 52.4% to 50.6% for the 2025-2028 period.

Sensitivity to changes in assumptions

A 5.9 percentage point increase in the weighted average cost of capital combined with a 10% decrease in sales revenue, or a 20 percentage point decrease in the EBITDA margin, would result in impairment recognition.

12. Leases

(a) Leases as lessee

The Group leases a number of premises used for LTE network infrastructure, offices/server spaces, customer service shops as well as leases certain dark fiber optical channels.

Information about leases for which the Group is a lessee is presented below:

Right of use assets

'000 AMD	Site greenfield	Site rooftop	Site pillar	Other portfolios	Main office	Shops	Total
Balance at 1 January 2022	**991,932**	**2,169,333**	**950,978**	**73,280**	**403,674**	**108,523**	**4,697,720**
Additions	456,259	634,652	753,353	306,581	-	628,087	2,778,932
Modification	163,799	710,050	(100,949)	(4,742)	(22,445)	1,948,746	2,694,459
Depreciation charge for the year	(119,913)	(370,410)	(160,706)	(353,831)	(169,435)	(346,875)	(1,521,170)
Disposal	(193,741)	(263,104)	(271,402)	-	-	(19,860)	(748,107)
Balance at 31 December 2022	**1,298,336**	**2,880,521**	**1,171,274**	**21,288**	**211,794**	**2,318,621**	**7,901,834**
Balance at 1 January 2023	**1,298,336**	**2,880,521**	**1,171,274**	**21,288**	**211,794**	**2,318,621**	**7,901,834**
Additions	263,464	323,213	217,969	285,650	-	372,732	1,463,028
Modification	(607,620)	-	-	-	-	-	(607,620)
Depreciation charge for the year	(118,555)	(466,406)	(174,794)	(290,209)	(169,435)	(379,625)	(1,599,024)
Disposal	(59,046)	(138,387)	(56,268)	-	-	-	(253,701)
Balance at 31 December 2023	**776,579**	**2,598,941**	**1,158,181**	**16,729**	**42,359**	**2,311,728**	**6,904,517**

The lease of office/shop areas typically run for a period of 5 to 10 years, leases of network sites for 5 to 10 years and leases of dark fiber for 10 years.

Lease liability

'000 AMD	Site greenfield	Site rooftop	Site pillar	Other portfolios	Main office	Shops	Total
Balance at 1 January 2022	**1,149,227**	**2,368,462**	**1,280,798**	**175,760**	**446,842**	**217,233**	**5,638,322**
Additions	148,021	634,652	753,353	306,581	-	628,088	2,470,695
Lease modifications	163,799	710,050	(100,949)	(4,742)	(29,230)	1,955,530	2,694,458
Interest expense	225,993	534,649	498,754	21,279	35,183	533,273	1,849,131
Lease payment	(222,973)	(561,421)	(112,724)	(369,776)	(195,521)	(569,991)	(2,032,406)
Lease liability write-off	(234,096)	(377,633)	(332,111)	(222)	-	(22,530)	(966,592)
Balance at 31 December 2022	**1,229,971**	**3,308,759**	**1,987,121**	**128,880**	**257,274**	**2,741,603**	**9,653,608**
Balance at 1 January 2023	**1,229,971**	**3,308,759**	**1,987,121**	**128,880**	**257,274**	**2,741,603**	**9,653,608**
Additions	62,143	323,213	217,969	285,650	-	372,732	1,261,707
Lease modifications	-	-	-	-	(32,758)	-	(32,758)
Interest expense	147,217	432,590	217,489	45,395	16,094	274,089	1,132,874
Lease payment	(225,434)	(631,899)	(509,481)	(314,753)	(217,801)	(641,329)	(2,540,697)
Lease liability write-off	(75,795)	(343,649)	(68,723)	10,403	-	-	(477,764)
Balance at 31 December 2023	**1,138,102**	**3,089,014**	**1,844,375**	**155,575**	**22,809**	**2,747,095**	**8,996,970**

13. Borrowings provided

The Company has provided borrowing to the entity under common control, as presented in the Note 25 Related parties. Significant terms of the borrowings provided are provided below

	Currency	Effective interest rate	Maturity	2023	2022
Borrowing to related party	AMD	12%	2025	1,037,739	1,037,739
Borrowing to related party	EUR	6%	2025	339,154	339,154
Total				**1,376,893**	**1,376,893**

14. Inventories

'000 AMD	31 December 2023	31 December 2022
Goods for resale	997,985	920,500
Consumables and spare parts	615,907	682,538
	1,613,892	**1,603,038**

15. Cash and cash equivalents

'000 AMD	31 December 2023	31 December 2022
Petty cash	67,564	69,329
Cash in transit	98,281	129,363
Bank balances	787,068	776,514
Total cash and cash equivalents	**952,913**	**975,206**

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 23.

16. Equity

(a) Share capital

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

(b) Dividends

No dividends were declared and paid during 2023 and 2022 periods. No dividends were proposed after 31 December 2023 and up to the date these consolidated financial statements were authorised.

17. Capital management

The Group has no formal policy for capital management, but management seeks to maintain a sufficient capital base for meeting the Group's operational and strategic needs.

The Group is not subject to externally imposed capital requirements.

18. Debt securities issued

In May 2019 the Group issued USD bonds with total quantity of 50,000, par value of 100 and annual yield of 7.5% and AMD bonds with total quantity of 2,500, par value of AMD 100,000 and annual yield of 11%. The bonds were listed on Armenian Stock Exchange. The bonds were redeemed in 2022. No bonds were issued in 2023.

19. Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see Note 23.

'000 AMD	31 December 2023	31 December 2022
Non-current liabilities		
Secured bank loans and credit lines	21,223,875	19,386,492
Secured borrowings from other related parties	7,736,594	11,541,385
Unsecured borrowings from other related parties	5,462,641	5,156,975
Unsecured borrowings from shareholders	2,462,196	2,393,949
	36,885,306	**38,478,801**
Current liabilities		
Unsecured borrowing from other related parties	1,170,754	800,361
Unsecured bank loans and credit lines	697,661	-
Secured borrowings from other related parties	625,568	46,407
Secured bank loans and credit lines	610,265	2,671,410
Unsecured borrowings from shareholders	426,343	299,273
Unsecured bank loan from shareholder	403,858	394,476
	3,934,449	**4,211,927**

The Group's secured bank loans are secured by property and equipment (Note 10), shares of UCom CJSC and turnover on bank accounts.

(a) Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

'000 AMD	Currency	Nominal interest rate	Year of maturity*	Face value 31 Dec 2023	Carrying amount 31 Dec 2023	Face value 31 Dec 2022	Carrying amount 31 Dec 2022
Secured bank loans and credit lines	USD	6m. Libor+7%	2027	697,660	697,660	11,190,447	11,190,447
Secured bank loans and credit lines	EUR	6m. Euribor +4%	2023	-	-	3,465,624	3,465,624
Secured bank loans and credit lines	USD	8.50%	2028	1,216,106	1,216,106	1,182,960	1,182,960
Unsecured credit line from shareholder	USD	10.00%	2024	403,858	403,858	394,476	394,476
Secured bank loans and credit lines	USD	8.75%	2028	5,620,370	5,620,370	5,463,240	5,463,240
Secured bank loans and credit lines	USD	8.75%	2028	14,997,664	14,997,664	-	-
Secured bank loans and credit lines	USD	8.00%	2023	-	-	399,710	399,710
Secured bank loans and credit lines	USD	8.00%	2023	-	-	355,921	355,921
Unsecured borrowings from other related parties	USD	5.00%	2030	1,170,458	1,170,458	1,090,159	1,090,159
Secured borrowings from other related parties	USD	9.50%	2027	812,109	812,109	789,315	789,315
Secured borrowings from other related parties	AMD	12.00%	2027	2,364,295	2,364,295	2,368,162	2,368,162
Secured borrowings from other related parties	USD	7.50%	2027	1,852,510	1,852,510	1,810,419	1,810,419
Secured borrowings from other related parties	EUR	6 month Euribor+6 %	2027	3,333,214	3,333,214	3,129,434	3,129,434
Secured borrowings from other related parties	EUR	6.50%	2023	-	-	3,490,462	3,490,462
Unsecured borrowings from other related parties	EUR	5.5%-8.5%	2028	5,462,974	5,462,974	4,867,177	4,867,177
Unsecured borrowings from shareholders	USD	6.00%	2028	2,888,537	2,888,537	2,693,222	2,693,222
				40,819,755	40,819,755	42,690,728	42,690,728

*Year of maturity is presented for balances outstanding as at 31 December 2023 based on amended agreements effective at that date.

The Group's secured bank loans are secured by property and equipment (Note 10), shares in UCom CJSC and turnover on bank accounts.

(b) Reconciliation of movements of liabilities to cash flows arising from financing activities

Other loans and borrowings

'000 AMD	Other loans and borrowings	
	2023	2022
Balance at 1 January	42,690,728	53,531,099
Changes from financing cash flows		
Loans and borrowings received	15,580,957	-
Repayment of loans and borrowings	(14,329,430)	(1,768,090)
Interest paid	(3,188,843)	(2,393,021)
Total changes from financing cash flows	(1,937,316)	(4,161,111)
The effect of changes in foreign exchange rates	1,438,549	(9,934,046)
Other changes		
Waiver of loan repayments (Note 6)	(4,356,835)	-
Interest expense	2,984,629	3,254,786
Total liability-related other changes	(1,372,206)	3,254,786
Balance at 31 December	40,819,755	42,690,728

Debt securities issued

'000 AMD	Debt securities issued	
	2023	2022
Balance at 1 January	-	2,676,646
Changes from financing cash flows		
Redemption of securities	-	(2,370,997)
Interest paid	-	(120,831)
Total changes from financing cash flows	-	(2,491,828)
The effect of changes in foreign exchange rates	-	(159,091)
Other changes		
Interest expense	-	76,858
Other changes	-	(102,585)
Total liability-related other changes	-	(25,727)
Balance at 31 December	-	-

20. Provisions

	Site restoration	
'000 AMD	31 December 2023	31 December 2022
Opening balance	**2,344,938**	**1,868,245**
Provisions (reversed) /made during the year	(669,740)	362,226
Provisions used during the year	(7,524)	(7,391)
Unwind of discount (Note 8)	128,727	121,858
Closing balance	**1,796,401**	**2,344,938**

In accordance with Armenian legislation, areas leased by the Group for its network sites must be restored to their original condition and assets installed should be removed after termination of lease agreements. The provision was estimated by considering risks related to amount and timing of restoration costs. The average timing for restoration is assessed 25 years from the reporting date on the basis of economic lives of the assets installed and the expectations of future technological changes. The present value of restoration costs was determined by discounting the estimated restoration cost using a nominal risk-free rate of 5.41% (2022: 5.49%). Because of the long-term nature of the liability, the greatest uncertainty in estimating the provision is the costs that will be incurred and the timing of restorations.

In providing for the cost of site restoration management has consulted with its in-house engineers who have considered the different types of network sites, activities necessary for dismantling and average cost for each activity.

21. Contract liabilities

'000 AMD	31 December 2023	31 December 2022
Non-current liabilities		
Advances received under IRU contracts	6,965,916	7,449,676
Deferred revenue from network connection service	91,235	88,058
	7,057,151	**7,537,734**
Current liabilities		
Advance consideration received from subscribers	317,783	284,998
Advances received under IRU contracts	475,766	444,435
Deferred revenue from network connection service	56,045	77,342
	849,594	**806,775**

22. Trade and other payables

'000 AMD	31 December 2023	31 December 2022
Non-current payables		
Spectrum fee	27,318,405	-
	27,318,405	**-**
Current payables		
Trade payables	5,159,790	5,240,931
Spectrum fee	2,631,471	5,357,315
Vacation reserve	800,857	770,996
VAT payable	451,101	756,324
Other taxes payable	246,431	259,224
Other payables	812,278	586,871
	10,101,928	**12,971,661**
Total trade and other payables	**37,420,333**	**12,971,661**

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 23.

23. Fair values and risk management

(a) Fair values of financial instruments

Management estimates that the fair value of all the financial assets and liabilities approximate their carrying amounts, due to short term nature of assets and liabilities or proximity to market rates born for long term assets and liabilities.

(b) Financial risk management

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

- credit risk;
- liquidity risk;
- market risk.

Risk management framework

The management of the Group has overall responsibility for the establishment and oversight of the Group's risk management framework. The management of the Group is well informed of the risks and challenges of the industry. The political, social and economic factors are all accumulated to arrive at strategic decisions. The management also, through its training and activities, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(c) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The carrying amount of financial assets and contract assets represents the maximum credit risk exposure. The maximum exposure to credit risk at the reporting date was as follows:

	Carrying amount	
'000 AMD	2023	2022
Trade receivables	6,310,421	6,941,406
Contract assets	-	158,005
Borrowings provided	1,376,893	1,376,893
Bank balances and cash in transit	885,349	905,877
	8,572,663	**9,382,181**

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the country in which customers operate. Details of concentration of revenue are included in Note 5.

The Group transacts with individuals and corporate customers in sales of goods and rendering of services. No single customer accounts for revenue over 10% from sales transactions. Credit risk is managed by requesting up-front payments from the large customers in relation to long-term contracts.

For other revenue contracts the Group assesses customers' creditworthiness before the Group's standard payment and service terms and conditions are offered. For its corporate and end-user corporate customers the Group monitors the credit risk individually by assessing the creditworthiness of each customer based on the ageing profile, industry, maturity and existence of previous financial difficulties.

The Group does not require collateral in respect of trade receivables.

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was as follows:

	Carrying amount	
'000 AMD	2023	2022
Domestic	838,224	2,254,359
Middle East countries	3,955,702	3,558,381
Euro-zone countries	1,004,126	768,875
Other CIS countries	234,508	119,913
United States	28,885	8,398
Others	248,976	231,480
	6,310,421	**6,941,406**

The Group's most significant customer, a mobile operator and wholesaler customer, accounts for AMD 3,606,372 thousand of the amount of trade receivables as at 31 December 2023 (31 December 2022: AMD 3,434,454 thousand).

Expected credit loss assessment for corporate and individual customers

The Group assesses trade receivables from corporate customers with outstanding balance of greater than AMD 20,000 thousand individually. The Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, cash flow projections and available press information about customers) and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to external credit rating definitions from Moody's rating agency. The Group calculates an ECL rate for individually assessed trade receivables based on delinquency status and actual payment pattern during 12-month period.

The following table sets out information about exposure to credit risk, ECLs and credit quality of trade receivables assessed individually as at 31 December 2023 and 2022 respectively

2023 **'000 AMD**	**Lifetime ECL not impaired**	**Lifetime ECL impaired**	**Total**
Gross corporate customers assessed individually	2,873,433	3,669,522	6,542,955
Expected credit losses	(29,645)	(1,694,773)	(1,724,418)
Net corporate customers assessed individually	**2,843,788**	**1,974,749**	**4,818,537**

2022 **'000 AMD**	**Lifetime ECL not impaired**	**Lifetime ECL impaired**	**Total**
Gross corporate customers assessed individually	2,523,221	3,613,072	6,136,293
Expected credit losses	(7,328)	(2,151,339)	(2,158,667)
Net corporate customers assessed individually	**2,515,893**	**1,461,733**	**3,977,626**

The Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external credit ratings, information on potential financial difficulties and information on past due days) and applying experienced credit judgement.

The following table provides information about the exposure to credit risk and ECLs for corporate and individual trade receivables assessed collectively as at 31 December 2023 and 2022:

2023 '000 AMD	Gross corporate customers assessed collectively	Expected credit losses	Expected credit loss rates	Net corporate customers assessed collectively
Not past due	887,572	(2,504)	0.3%	885,068
Past due 0 - 30 days	34,544	(4,412)	12.8%	30,132
Past due 31 - 90 days	56,171	(15,408)	27.4%	40,763

Past due 91 - 180 days	52,929	(19,334)	36.5%	33,595
Past due 181 - 270 days	38,573	(24,494)	63.5%	14,079
Past due 271 - 365 days	12,250	(11,142)	91.0%	1,108
More than one year	395,383	(395,383)	100.0%	-
	1,477,422	**(472,677)**	**32.0%**	**1,004,745**

2022 **'000 AMD**	**Gross corporate customers assessed collectively**	**Expected credit losses**	**Expected credit loss rates**	**Net corporate customers assessed collectively**
Not past due	632,168	(6,889)	1.1%	**625,279**
Past due 0 - 30 days	168,797	(5,771)	3.4%	**163,026**
Past due 31 - 90 days	104,400	(9,195)	8.8%	**95,205**
Past due 91 - 180 days	68,251	(16,312)	23.9%	**51,939**
Past due 181 - 270 days	38,694	(17,140)	44.3%	**21,554**
Past due 271 - 365 days	31,783	(30,493)	95.9%	**1,290**
More than one year	600,253	(600,253)	100.0%	**-**
	1,644,346	**(686,053)**	**41.7%**	**958,293**

2023 **'000 AMD**	**Gross individual customers assessed collectively**	**Expected credit losses**	**Expected credit loss rates**	**Net individual customers assessed collectively**
Not past due	414,405	(22,608)	5%	391,797
Past due 0 - 30 days	72,483	(21,893)	30%	50,590
Past due 31 - 90 days	50,582	(26,166)	52%	24,416
Past due 91 - 180 days	46,836	(33,277)	71%	13,559
Past due 181 - 270 days	41,778	(36,076)	86%	5,702
Past due 271 - 365 days	34,253	(33,177)	97%	1,076
More than one year	1,656,169	(1,656,169)	100%	-
	2,316,506	**(1,829,366)**	**79.0%**	**487,140**

2022 **'000 AMD**	**Gross individual customers assessed collectively**	**Expected credit losses**	**Expected credit loss rates**	**Net individual customers assessed collectively**
Not past due	1,942,519	(14,361)	0.7%	**1,928,158**
Past due 0 - 30 days	48,237	(9,834)	20.4%	**38,403**
Past due 31 - 90 days	35,100	(16,230)	46.2%	**18,870**
Past due 91 - 180 days	200,316	(189,192)	94.5%	**11,124**
Past due 181 - 270 days	26,828	(24,390)	90.9%	**2,438**
Past due 271 - 365 days	29,509	(23,015)	78.0%	**6,494**
More than one year	1,311,338	(1,311,338)	100.0%	**-**
	3,593,847	**(1,588,360)**	**44.2%**	**2,005,487**

The Group uses an allowance matrix to measure the ECLs of trade receivables from corporate customers not assessed individually and trade receivables from individual customers, which comprise a very large number of small balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for customers in different segments based on the type of services purchased. Loss rates are based on actual credit loss experience over the past two years. For collectively assessed receivables an impairment rate of 100% was applied to gross trade and other receivables from customers overdue by more than 365 days, with lower impairment rates applied for ageing categories of trade and other receivables that are overdue for shorter periods.

Movements in the allowance for impairment in respect of trade receivables

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

'000 AMD	2023	2022
Balance at the beginning of the year	(4,433,081)	(4,628,054)
Impairment loss recognised	(227,286)	155,257
Effect of change in foreign exchange rates	(27,616)	57,186
Write off of receivables	661,522	(17,470)
Balance at the end of the year	**(4,026,461)**	**(4,433,081)**

Bank balances

The Group held bank balances of AMD 787,068 thousand at 31 December 2023 (2022: AMD 776,514 thousand). From total bank balances AMD 599,155 thousand are held with Armenian banks with credit rating of Ba3-B2.

Per the Group's assessment no impairment loss is recognized on current accounts held in banks primarily due to their short maturities.

(d) Liquidity risk

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

For this purpose the Group makes short-term forecasts for cash flows based on financial needs conditioned by the nature of operating and investing activities. As a rule these needs are envisaged for an annual and monthly basis. The Group aims to maintain the level of cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the succeeding 60 days.

The following are the contractual maturities of financial liabilities, including estimated interest payments.

		Contractual cash flows					
2023 '000 AMD	Carrying amount	Total	On demand and less than 2 months	2-12 months	1-2 years	2-5 years	Over 5 years
Non-derivative financial liabilities							
Secured bank loans and credit lines	21,834,140	29,759,889	838,532	1,543,056	1,974,886	25,403,415	-
Unsecured bank loans	697,661	834,192	834,192	-	-	-	-
Unsecured bank loan from shareholder	403,858	439,835	6,876	432,959	-	-	-
Unsecured borrowings from shareholders	2,888,539	3,820,194	483,279	123,513	147,732	443,195	2,622,475
Unsecured borrowings from other related parties	6,633,395	8,028,541	1,221,679	269,835	321,863	5,178,300	1,036,864
Secured borrowings from other related parties	8,362,163	10,532,875	181,734	1,214,938	1,803,082	7,333,121	-

2023 '000 AMD	Carrying amount	Contractual cash flows Total	On demand and less than 2 months	2-12 months	1-2 years	2-5 years	Over 5 years
Other liabilities	120,607	120,607	120,607	-	-	-	-
Trade payables	5,159,790	5,159,790	5,159,790	-	-	-	-
Spectrum fee payable	29,949,876	42,774,696	2,631,471	2,676,215	2,676,215	10,704,860	24,085,935
Lease payables	8,996,970	13,321,554	696,838	1,499,237	1,780,893	5,773,562	3,571,024
	85,046,998	114,792,173	12,174,998	7,759,753	8,704,671	54,836,453	31,316,298

2022 '000 AMD	Carrying amount	Contractual cash flows Total	On demand and less than 2 months	2-12 months	1-2 years	2-5 years	Over 5 years
Non-derivative financial liabilities							
Secured bank loans and credit lines	22,057,900	23,359,508	2,699,926	201,277	797,956	17,008,331	2,652,018
Unsecured bank loan from shareholder	394,476	415,384	4,680	410,704	-	-	-
Unsecured borrowing from shareholders	2,693,222	2,863,477	322,491	120,419	2,420,567	-	-
Unsecured borrowings from other related parties	5,957,336	6,116,510	851,110	104,364	5,161,036	-	-
Secured borrowings from other related parties	11,587,792	14,921,381	157,463	793,770	2,604,067	9,754,350	1,611,731
Other liabilities	120,609	120,609	120,609	-	-	-	-
Trade payables	5,223,067	5,223,067	5,223,067	-	-	-	-
Spectrum fee payable	5,357,315	5,357,315	5,357,315	-	-	-	-
Lease payables	9,653,608	14,328,676	862,503	1,458,127	1,727,250	5,181,191	5,099,605
	63,045,325	72,705,927	15,599,164	3,088,661	12,710,876	31,943,872	9,363,354

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

(e) Market risk

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

The Group does not apply hedge accounting in order to manage volatility in profit or loss.

Currency risk

The Group is exposed to currency risk on purchases and borrowings that are denominated in a currency other than the functional currency, primarily the U.S. Dollar (USD) and Euro (EUR).

Exposure to currency risk

The Group's exposure to foreign currency risk was as follows:

'000 AMD	USD-denominated 2023	EUR-denominated 2023	USD-denominated 2022	EUR-denominated 2022
Trade receivables	3,523,893	1,093,772	3,247,241	1,365,410
Cash and cash equivalents	332,946	98,318	28,558	12,935
Borrowings provided	-	339,154	-	339,154
Trade and other payables	(2,764,049)	(577,661)	(972,653)	(1,330,737)
Loans and borrowings	(29,659,233)	(8,796,227)	(25,369,867)	(14,952,697)
Other liabilities	(98,364)	-	(95,741)	-
Debt securities issued	-	-	(2,423,530)	-
Gross exposure	**(28,664,807)**	**(7,842,644)**	**(23,162,462)**	**(14,565,935)**

The following significant exchange rates applied during the year:

in AMD	Average rate		Reporting date spot rate	
	2023	2022	2023	2022
USD 1	392.50	435.47	404.79	393.57
EUR 1	424.60	460.29	447.90	420.06

Sensitivity analysis

A reasonably possible strengthening of the AMD, as indicated below, against USD and EUR at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and profit or loss before taxes by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	USD	EUR
'000 AMD	Profit or loss	Profit or loss
31 December 2023 (10% movement)	2,866,481	784,264
31 December 2022 (10% movement))	2,316,246	1,456,593

A 10% weakening of the AMD against the USD and EUR at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

Changes in interest rates impact primarily loans and borrowings by changing either their fair value (fixed rate debt) or their future cash flows (variable rate debt). Management does not have a formal policy of determining how much of the Group's exposure should be to fixed or variable rates. However, at the time of raising new loans or borrowings management uses its judgment to decide whether it believes that a fixed or variable rate would be more favourable to the Group over the expected period until maturity.

Exposure to interest rate risk

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

	Carrying amount	
'000 AMD	2023	2022
Fixed rate instruments		
Financial liabilities	(36,788,877)	(24,905,231)
	(36,788,877)	**(24,905,231)**
Variable rate instruments		
Financial liabilities	(4,030,874)	(17,785,495)
	(4,030,874)	**(17,785,495)**

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial instruments as fair value through profit or loss or as available-for-sale. Therefore, a change in interest rates at the reporting date would not have an effect in profit or loss or in equity.

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss net of taxes by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss	
'000 AMD	100 bp increase	100 bp decrease
2023		
Variable rate instruments	(155,447)	155,447
Cash flow sensitivity (net)	**(155,447)**	**155,447**
2022		
Variable rate instruments	(145,841)	145,841
Cash flow sensitivity (net)	**(145,841)**	**145,841**

24. Contingencies

(a) Insurance

The insurance industry in the Republic of Armenia is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available. The Group does not have full coverage for its facilities, business interruption, or third party liability in respect of property or environmental damage arising from accidents on Group property or relating to Group operations. Until the Group obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on the Group's operations and financial position.

(b) Litigations

The Group does not have litigations that may have a material effect on the Group's consolidated financial position.

(c) Taxation contingencies

The taxation system in Armenia is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are sometimes unclear, contradictory and subject to varying interpretation. Taxes are subject to review and investigation by tax authorities, which have the authority to impose fines and penalties. In the event of a breach of tax legislation, no liabilities for additional taxes, fines or penalties may be imposed by tax authorities once three years have elapsed from the date of the breach.

Transfer pricing legislation enacted in the Republic of Armenia starting from 1 January 2020. The legislation is effective for the financial year 2020 and onwards. The local transfer pricing rules are closer to OECD guidelines, but with uncertainty in practical application of tax legislation in certain circumstances.

Transfer pricing rules introduce an obligation for the taxpayers to prepare transfer pricing documentation with respect to controlled transactions and prescribe basis and mechanisms for accruing additional taxes and interest in case prices in the controlled transactions differ from the market level.

Transfer pricing rules apply to the transactions listed below, if the total amount of the controlled transaction exceeds AMD 200 million in the tax year:

- cross-border transactions between related parties;
- cross-border transactions with companies registered in offshore zones, regardless of being related party or not;
- certain in-country transactions between related parties, as determined under the Armenian tax code.

Since there is no practice of applying the transfer pricing rules by the tax authorities and courts, it is difficult to predict the effect of the new transfer pricing rules on these financial statements.

These circumstances may create tax risks in Armenia that are more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Armenian tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

(d) Purchase commitments

The Company has entered into purchase commitments with suppliers for telecommunication equipment. As of 31 December 2023, the total value of these commitments is AMD 6,493,160 thousand (2022: AMD 0 thousand).

25. Related parties

(a) Control relationships

The Group's ownership structure is as follows:

IU Telecommunicate LLC	29.09%
Aram Khachatryan	24.35%
Gurgen Khachatryan	11.91%
Artyom Khachatryan	11.91%
Fora Bank Joint-Stock Commercial Bank	10.50%
Surik Poghosyan	6.30%
Aleksandr Yesayan	2.97%
Hayk Yesayan	2.97%

IU Telecommunicate LLC is owned by Gurgen Khachatryan and Artyom Khachatryan, in equal proportion of shares. The Group has no ultimate controlling party.

(b) Transactions with key management personnel

(i) Key management remuneration

Key management received the following remuneration during the year, which is included in personnel costs:

'000 AMD	2023	2022
Salaries and bonuses	849,197	739,351

(c) Other related party transactions

The Group's other related party transactions are disclosed below.

(i) Revenue and other income

'000 AMD	Transaction value for the year ended 31 December		Outstanding balance as at 31 December	
	2023	2022	2023	2022
Sale of goods, property and equipment and intangible assets and services provided				
Entities under control of shareholders	2,741	2,411	72,972	1,662
Other related parties	1,171	3,265	629	680
Other				
Entities under control of shareholders	116,574	4,675	-	-

(ii) Expenses

'000 AMD	Transaction value for the year ended 31 December		Outstanding balance as at 31 December	
	2023	2022	2023	2022
Lease of premises:				
Entities under control of shareholders	80,129	80,129	6,721	6,721
Other services received:				
Entities under control of shareholders	105,309	130,473	2,361	2,255
Other prepayments given:				
Entities under control of shareholders	8,000	-	-	-

(iii) Borrowings received

'000 AMD	Transaction value for the year ended 31 December		Outstanding balance as at 31 December	
	2023	2022	2023	2022
Borrowings received:				
Shareholders	-	-	15,399,414	20,632,833
Entities under control of shareholders			2,888,537	-
Other	-	-	123,064	120,337

(iv) Borrowings provided

'000 AMD	Transaction value for the year ended 31 December		Outstanding balance as at 31 December	
	2023	2022	2023	2022
Borrowings provided:				
Entities under control of shareholders	-	-	1,376,893	1,376,893

26. Subsidiaries

On 7 June 2018 the Company established a new entity UPay CJSC.

Subsidiary	Country of incorporation	2023 Ownership/voting	2022 Ownership/voting
UPay CJSC	Republic of Armenia	100%	100%

27. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis.

28. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by Group entities.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Revenue

Information about the Group's accounting policies relating to contracts with customers is provided in Note 5(d).

(c) Finance income and costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- unwinding of discount on receivables and payables;
- foreign currency gain or loss on financial assets and financial liabilities;
- interest expense on lease liability included in finance costs.

Interest income or expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(d) Foreign currency transactions

Transactions in foreign currencies are translated to AMD at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to AMD at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising in retranslation are recognised in profit or loss.

(e) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(f) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

(i) Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal

of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

If significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and is recognised net within other income/other expenses in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Items of property and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use. Depreciation is based on the cost of an asset less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives of significant items of property and equipment for the current and comparative periods are as follows:

– buildings	40 years
– network infrastructure	5-25 years
– equipment	1-10 years
– transportation facilities	5 years
– fixtures and fittings	1-5 years
– leasehold improvements	lower of lease term and 20 years

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

(i) Intangible assets

(i) Indefinite useful life intangible assets

Spectrum fees paid upfront are classified as indefinite useful life intangible assets. These assets are carried at cost and reviewed for impairment annually.

(ii) *Other intangible assets*

Intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) *Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the profit or loss as incurred.

(iv) *Amortisation*

Amortisation is calculated over the cost of the asset, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use since this most closely reflects the expected pattern of consumption of future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

– licences and trademarks	6-16 years
– billing system	10 years
– other software	1-10 years
– customer base 8 years	
– capacity IRU	5-15 years

Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

(j) Financial instruments

(i) *Recognition and initial measurement*

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) *Classification and subsequent measurement*

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Financial assets - Subsequent measurement and gains and losses

Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost and are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Other financial liabilities comprise loans and borrowings, bank overdrafts and trade and other payables.

(iii) Modification of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different (referred to as 'substantial modification'), then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

The Group performs a quantitative and qualitative evaluation of whether the modification is substantial, i.e. whether the cash flows of the original financial asset and the modified or replaced financial asset are substantially different. The Group assesses whether the modification is substantial based on quantitative and qualitative factors in the following order: qualitative factors, quantitative factors, combined effect of qualitative and quantitative factors. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset deemed to have expired. In making this evaluation the Group analogizes to the guidance on the derecognition of financial liabilities.

The Group concludes that the modification is substantial as a result of the following qualitative factors:

- change the currency of the financial asset;
- change in collateral or other credit enhancement;
- change of terms of financial asset that lead to non-compliance with SPPI criterion (e.g. inclusion of conversion feature).

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. The gross carrying amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate. Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

Financial liabilities

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

If a modification (or exchange) does not result in the derecognition of the financial liability the Group applies accounting policy consistent with the requirements for adjusting the gross carrying amount of a financial asset when a modification does not result in the derecognition of the financial asset, i.e. the Group recognises any adjustment to the amortised cost of the financial liability arising from such a modification (or exchange) in profit or loss at the date of the modification (or exchange).

Changes in cash flows on existing financial liabilities are not considered as modification, if they result from existing contractual terms, e.g. changes in fixed interest rates initiated by banks due to changes in the CBA key rate, if the loan contract entitles banks to do so and the Group have an option to either accept the revised rate or redeem the loan at par without penalty. The Group treats the modification of an interest rate to a current market rate using the guidance on floating-rate financial instruments. This means that the effective interest rate is adjusted prospectively.

Group performs a quantitative and qualitative evaluation of whether the modification is substantial considering qualitative factors, quantitative factors and combined effect of qualitative and quantitative factors. The Group concludes that the modification is substantial as a result of the following qualitative factors:

- change the currency of the financial liability;
- change in collateral or other credit enhancement;
- inclusion of conversion option;

- change in the subordination of the financial liability.

For the quantitative assessment the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

(iv) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Interest rate benchmark reform

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changed as a result of interest rate benchmark reform, the Group updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis - i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Group applied the policies on accounting for modifications to the additional changes.

(v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(k) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(l) Impairment

(i) Non-derivative financial assets

Financial instruments and contract assets

The Group recognises loss allowances for ECLs on financial assets measured at amortised cost. The Group measures loss allowance at an amount equal to lifetime ECLs. Loss allowances for collectively assessed trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate non-billing customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

For the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes.

Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(m) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance costs.

Site restoration

In accordance with the applicable legal requirements, a provision for site restoration in respect of leased areas for installed network facilities, is recognised when the facilities are installed.

(n) Leases

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.

As a lessee

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

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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

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

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.
When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets.

COVID-19-related rent concessions

The Group has applied *COVID-19-Related Rent Concessions - Amendment to IFRS 16*. The Group applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Group applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Group assesses whether there is a lease modification.

As a lessor

At inception or on modification 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.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

(o) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with other components of the Group. All operating segments' operating results are reviewed regularly by the chief decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Management considers that the Group comprises of one operating segment.

29. New standards and interpretations not yet adopted

A number of new standards are effective for annual periods beginning after 1 January 2024s and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

New standards, interpretations and amendments not yet effective
There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2024:

- Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases);
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1

Presentation of Financial Statements);

- Non-current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements); and
- Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures)

The following amendments are effective for the period beginning 1 January 2025:

- Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates)

The Group is currently assessing the impact of these new accounting standards and amendments. The Group does not believe that the amendments to IAS 1 will have a significant impact on the classification of its liabilities, as well as does not expect any other standards issued by the IASB, but are yet to be effective, to have a material impact on the Group.