GNC-ALFA CJSC

Financial Statements
for 2024

Contents

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Independent Auditors' Report

To the Shareholders and Board of Directors of GNC-ALFA CJSC

Opinion

We have audited the financial statements of GNC-ALFA CJSC (the "Company"), which comprise the statement of financial position as at 31 December 2024, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company 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 these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is:

Irina Gevorgyan
Managing Partner, Director of KPMG Armenia LLC

KPMG Armenia LLC
2 July 2025

Statement of Financial Position
as at 31 December 2024

'000 AMD	Note	2024	2023
Assets			
Property and equipment	10	19,851,887	17,139,451
Intangible assets	11	847,000	763,826
Right of use asset	12	1,467,661	1,684,129
Deferred tax assets	9	123,730	204,446
Prepayments for non-current assets		240,382	1,544,532
Total non-current assets		**22,530,660**	**21,336,384**
Inventories		127,081	116,481
Trade and other receivables	13	2,096,719	2,273,291
Term deposit		163,170	-
Cash and cash equivalents	14	458,721	1,259,481
Total current assets		**2,845,691**	**3,649,253**
Total assets		**25,376,351**	**24,985,637**
Equity			
Share capital		1,000,000	1,000,000
Retained earnings		5,449,889	3,117,537
Total equity	15	**6,449,889**	**4,117,537**
Liabilities			
Contract liabilities	17	701,933	902,803
Lease liability	12	1,356,860	1,688,967
Total non-current liabilities		**2,058,793**	**2,591,770**
Contract liabilities	17	433,520	448,914
Loans and borrowings from ultimate parent company	18	14,191,592	16,097,190
Lease liability	12	362,026	187,135
Current tax liability		-	177,007
Trade and other payables	19	1,880,531	1,366,084
Total current liabilities		**16,867,669**	**18,276,330**
Total liabilities		**18,926,462**	**20,868,100**
Total equity and liabilities		**25,376,351**	**24,985,637**

The statement of financial position is to be read in conjunction with the notes to, and forming part of, the financial statements set out on pages 9 to 45.

Statement of Profit or Loss and Other Comprehensive Income for 2024

'000 AMD	Note	2024	2023
Revenue	6	9,504,367	8,998,967
Other operating income		81,496	99,548
Purchase of internet		(938,714)	(771,432)
Network infrastructure costs		(290,951)	(288,938)
Interconnection charges		(26,575)	(27,004)
Cost of goods sold and services provided		(181,152)	(159,041)
Wages and other employee benefits		(1,970,378)	(1,700,647)
Depreciation and amortization		(2,858,728)	(1,896,808)
Repairs and maintenance		(203,090)	(221,114)
Other operating expenses	7	(2,111,225)	(1,490,329)
Impairment losses on trade receivables	20(b)	(106,886)	(78,788)
Results from operating activities		**898,164**	**2,464,414**
Finance income	8	35,339	38,291
Net foreign exchange gain	8	2,897,891	3,015,153
Finance costs	8	(1,269,322)	(1,166,443)
Net finance income		**1,663,908**	**1,887,001**
Profit before income tax		**2,562,072**	**4,351,415**
Income tax expense	9	(229,720)	(410,159)
Profit for the year		**2,332,352**	**3,941,256**

These financial statements were approved by management on 30 June 2025 and were signed on its behalf by:

Hayk Faramazyan
General Director

Hayk Aslanyan
Deputy CEO/Finance Director

The statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to, and forming part of, the financial statements set out on pages 9 to 45.

Statement of Changes in Equity for 2024

'000 AMD	Share capital	Retained earnings/ (accumulated losses)	Total
Balance at 1 January 2023	1,000,000	(823,719)	176,281
Total comprehensive income			
Profit for the year	-	3,941,256	3,941,256
Total comprehensive income for the year	-	**3,941,256**	**3,941,256**
Balance at 31 December 2023	**1,000,000**	**3,117,537**	**4,117,537**
Balance at 1 January 2024	1,000,000	3,117,537	4,117,537
Total comprehensive income			
Profit for the year	-	2,332,352	2,332,352
Total comprehensive income for the year	-	**2,332,352**	**2,332,352**
Balance at 31 December 2024	**1,000,000**	**5,449,889**	**6,449,889**

The statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the financial statements set out on pages 9 to 45.

Statement of Cash Flows for 2024

‘000 AMD	**Note**	**2024**	**2023**
Cash flow from operating activities			
Cash receipts from customers		10,440,224	10,649,996
Cash paid to suppliers and employees		(4,925,533)	(4,738,006)
Payments for taxes other than on income		(1,467,797)	(2,503,006)
Cash flows from operations before income taxes and interest paid		**4,046,894**	**3,408,984**
Current income tax paid		(326,118)	(397,488)
Interest paid	18, 12	(222,536)	(210,166)
Net cash flows from operating activities		**3,498,240**	**2,801,330**
Cash flows from investing activities			
Investment in term deposit		(1,193,170)	-
Repayment of term deposit		1,030,000	-
Interest received		35,339	17,066
Borrowings given		-	(7,350)
Proceeds from sale of property and equipment		6,226	1,198
Acquisition of property and equipment		(3,238,316)	(4,731,726)
Acquisition of intangible assets		(659,972)	(393,682)
Net cash flows used in investing activities		**(4,019,893)**	**(5,114,494)**
Cash flows from financing activities			
Proceeds from borrowings	18	1,778,250	2,905,900
Repayment of borrowings		(1,801,829)	-
Lease liability payments	12	(239,396)	(219,574)
Net cash flows (used in)/from financing activities		**(262,975)**	**2,686,326**
Net (decrease)/increase in cash and cash equivalents		**(784,628)**	**373,162**
Effect of exchange rate fluctuations on cash and cash equivalents		(16,132)	(16,385)
Cash and cash equivalents as of 1 January		1,259,481	902,704
Cash and cash equivalents as of 31 December	14	**458,721**	**1,259,481**

The statement of cash flows is to be read in conjunction with the notes to, and forming part of, the financial statements set out on pages 9 to 45.

1. Reporting entity

(a) Armenian business environment

The Company's operations are primarily located in Armenia. Consequently, the Company is exposed to the economic and financial markets of Armenia which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in Armenia. Additionally, continuous military conflicts between Armenia and Azerbaijan eventually leading to Azerbaijan remaining in effective control of Nagorno-Karabakh territory in September 2023 and ongoing military conflict between the Russian Federation and Ukraine have increased the level of uncertainty in the business environment. The situation between Armenia and Azerbaijan continues to be tense due to ongoing disagreements regarding the delimitation of borders between Armenia and Azerbaijan.

The financial statements reflect management's assessment of the impact of the Armenian business environment on the operations and the financial position of the Company. The future business environment may differ from management's assessment.

(b) Organisation and operations

GNC-ALFA CJSC (the "Company") was established in the Republic of Armenia as a limited liability company on 30 July 2007. On 23 April 2008 the Company was re-established as a closed joint stock company.

The Company's registered office is 1 Khaghaghutyan Street, Abovyan, Republic of Armenia.

The main activities of the Company are provision of communication services, in particular broadband internet access, international data transmission, transit services via its fiber optic cable networks, rental of communication channels, sale and maintenance of optical fiber lines, and internet and telephony services to retail customers.

In December 2012 the Company launched internet and telephony services to domestic retail customers. During 2012-2015 years the Company performed large capital investments and significantly expanded its retail network and equipment throughout Yerevan and nearby cities.

In December 2008 the Company received a 10-year license for operating network services in Armenia. In 2018 the license was prolonged for another 10 years.

In May 2024 the Company announced the beginning of rebranding. The Company has started to operate under the new brand OVIO.

In May 2024 the Company put into commercial operation the data processing center in Armenia in the city of Abovyan in the Kotayk region. The capacity of the data processing center is 2 MW housing over 200 server racks.

The data processing center aims to meet the diverse needs of businesses and government institutions and provide scalable, secure and efficient solutions.

The Company is wholly owned by Filor Ventures LTD (the Shareholder), registered in the Republic of Cyprus. The Company's ultimate parent company is Rostelecom PJSC. The Company is ultimately controlled by the Government of the Russian Federation.

Related party transactions are disclosed in Note 23.

2. Basis of accounting

Statement of compliance

The accompanying financial statements are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

3. Functional and presentation currency

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

4. Use of estimates and judgments

The preparation of financial statements in conformity with IFRS Accounting Standards 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 estimates are recognised prospectively.

Information about critical judgments in applying accounting policies and significant estimates that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 20 (b) (ii) – allowance for trade receivables;
- Note 6 (b) – determination of significant financing component on advances received under dark fiber sale IRU contracts;
- Note 25 (f) (iii) – useful lives of property and equipment.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included in Note 20 (b) (ii) – measurement of ECL allowance for trade receivables and contract assets: key assumptions in determining the weighted-average loss rate.

Measurement of fair values

A number of the Company'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 Company 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 Company 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 20 (a) – fair values of financial assets and liabilities.

5. Changes in material accounting policies

The Company has adopted Classification of Liabilities as Current or Non-current (Amendments to IAS 1) and Non-current Liabilities with Covenants (Amendments to IAS 1) from 1 January 2024. The amendments apply retrospectively. They clarify certain requirements for determining whether a liability should be classified as current or non-current and require new disclosures for non-current loan liabilities that are subject to covenants within 12 months after the reporting period. The Company's liabilities were not significantly impacted by the amendments. There is no retrospective impact on the comparative statement of financial position as at 31 December 2023.

6. Revenue

(a) Revenue streams

’000 AMD	2024	2023
Revenue from contracts with the customers		
Revenue from services provided to retail customers	3,233,644	3,434,747
Broadband internet	1,244,965	1,217,192
Local data transfer services	1,072,304	1,074,276
International data transit services	789,906	655,665
IP transit internet services	762,214	683,035
Revenue from services provided to corporate customers	339,446	342,846
Revenue from dark fiber IRU contracts	302,239	236,869
Dark fiber maintenance	205,399	205,012
VoIP telephony services	150,306	120,129
Revenue from interconnection services	19,999	20,107
Sales of goods	6,709	26,291
Other services	357,107	236,255
Total revenue from contracts with the customers	**8,484,238**	**8,252,424**
Other revenue		
Lease of telecommunication equipment	855,104	655,203
Lease of dark fiber channels	165,025	91,340
Total other revenue	**1,020,129**	**746,543**
	9,504,367	**8,998,967**

(b) Disaggregation of revenue

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

For the year ended 31 December	Retail customers		Corporate customers		Total	
'000 AMD	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Primary geographical markets						
Armenia	4,092,506	4,103,151	4,705,470	4,659,513	8,797,976	8,762,664
CIS countries	-	-	698,025	233,380	698,025	233,380
European countries	-	-	8,366	2,923	8,366	2,923
	4,092,506	**4,103,151**	**5,411,861**	**4,895,816**	**9,504,367**	**8,998,967**
Timing of revenue recognition						
Products transferred at a point in time	1,694	6,392	2,070	6,809	3,764	13,201
Products and services transferred over time	3,208,338	3,413,159	5,272,137	4,763,784	8,480,475	8,176,943
Revenue from contracts with customers	**3,210,032**	**3,419,551**	**5,274,207**	**4,770,593**	**8,484,239**	**8,190,144**
Other revenue	**882,474**	**683,600**	**137,654**	**125,223**	**1,020,128**	**808,823**
	4,092,506	**4,103,151**	**5,411,861**	**4,895,816**	**9,504,367**	**8,998,967**

(c) Contract balances

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

'000 AMD	Note	31 December 2024	31 December 2023
Receivables, which are included in 'trade and other receivables'	13	1,756,676	1,409,722
Deferred revenue from dark fiber IRU contracts	17	826,317	1,020,673
Customer advances and deferred revenue	17	309,136	331,044

Contract liabilities comprise advance consideration received from dark fiber IRU contracts for which revenue is recognised over time during 7 years which is average remaining contract term (see Note 17) and customer advances and deferred revenue which relate to advance consideration received from subscribers, for which the revenue is recognized upon service provision.

The amount of AMD 302,239 thousand recognised in contract liabilities at the beginning of the period has been recognised as revenue for the period ended 31 December 2024 (2023: AMD 236,869 thousand).

Remaining performance obligations under IRU contracts have a nominal value of AMD 1,165,547 thousand as at 31 December 2024 (2023: AMD 1,467,786 thousand) and are discounted using 12.1%-16% rates.

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 2024	31 December 2023
Less than 1 year	124,384	117,870
1-2 years	140,299	130,138
2-5 years	512,687	512,985
More than 5 years	48,947	259,680
	826,317	**1,020,673**

No information is provided about remaining performance obligations at 31 December 2024 that have an original expected duration of one year or less, as allowed by IFRS 15.

Management estimates that incremental costs incurred to obtain a contract, such as sales agent bonuses, are immaterial.

(d) Performance obligations and revenue recognition policies

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

(i) Service revenue

Service revenue primarily comprises revenues earned from monthly fees on the delivery of internet and related services to retail customers, broadband internet and data transmission services to corporate customers and monthly fees on the maintenance of its network under dark fiber contracts and indefeasible right of use, or IRU contracts. Such revenue is recognised over time when the services are rendered to customers based on time elapsed.

Customer contracts often include various services, however because the services are provided concurrently the Company account for the bundle as a single performance obligation. For additional goods or services, the Company applies judgment in determining whether such options provide a material right to the customer that the customer would not receive without entering into the contract.

For certain dark fiber IRU contracts with effective term of 20 years, where the obligation for the network maintenance and the related risk of return remains with the Company during the life of the contract, the Company defers any up-front payments received from the customers for a period of up to 20 years. In these situations, the Company defers the revenue and amortizes it on a straight-line basis to earnings over the term of the contract.

These contracts concluded between the Company and its customers contain a significant financing component because of the length of time between when the customer pays for the services and when the Company provides services to the customer. The transaction price for such contracts is adjusted for the effects of time value of money using discount rate that would be reflected in a separate financing transaction between the Company and its customer at contract inception.

(ii) Goods sold

Revenue is recognised when the customer obtains control of the goods, usually on their delivery.

7. Other operating expenses

’000 AMD	2024	2023
Advertising and marketing	581,903	456,128
Promotional activities	266,193	246,890
Utilities	217,281	170,975
Charity	212,239	103,848
Outsourced call center services	191,781	142,893
Taxes other than on income	82,197	58,345
Indirect production costs	43,233	34,752
Occupancy	42,210	30,421
Consulting and audit fees	24,870	37,839
Fuel expenses	23,017	20,508
Insurance costs	21,728	22,306
Representation expenses	21,173	15,957
State duties and fees	11,917	14,487
Loss on disposal of non-current assets	11,273	226
Communication expenses	10,270	11,276
Security expenses	6,269	10,448
Other	343,671	113,030
	2,111,225	**1,490,329**

8. Finance income and finance costs

’000 AMD	2024	2023
Interest income from on demand bank deposits	35,339	38,291
Finance income	**35,339**	**38,291**
Interest expense on loans and borrowings and bank overdrafts	(943,112)	(824,134)
Interest expense on contract liabilities from dark fiber IRU contracts	(107,883)	(132,143)
Interest expense on lease liabilities	(218,327)	(210,166)
Finance costs	**(1,269,322)**	**(1,166,443)**
Net foreign exchange gain	2,897,891	3,015,153
Net finance income recognised in profit or loss	**1,663,908**	**1,887,001**

9. Income taxes

(a) Amounts recognised in profit or loss

The Company's applicable tax rate is the income tax rate of 18% for Armenian companies.

'000 AMD	2024	2023
Current tax expense	149,111	352,465
Origination and reversal of temporary differences	80,609	57,694
Total income tax expense	**229,720**	**410,159**

Reconciliation of effective tax rate:

	2024		2023	
	'000 AMD	%	'000 AMD	%
Profit before income tax	2,562,072		4,351,415	
Tax at applicable tax rate	461,173	18.0%	783,255	18.0%
Non-taxable income	(231,453)	(9.0)%	(373,096)	(8.6)%
	229,720	**9.0%**	**410,159**	**9.4%**

(b) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
'000 AMD	2024	2023	2024	2023	2024	2023
Property and equipment	-	-	(225,279)	(190,162)	(225,279)	(190,162)
Intangible assets	-	27,382	(37,446)	-	(37,446)	27,382
Trade and other receivables	155,018	115,334	-	-	155,018	115,334
Contract liabilities	148,737	183,721	-	-	148,737	183,721
Trade and other payables	37,737	33,616	-	-	37,737	33,616
Right of use asset	-	-	(264,179)	(303,143)	(264,179)	(303,143)
Lease liability	309,142	337,698	-	-	309,142	337,698
Net tax assets	**650,634**	**697,751**	**(526,904)**	**(493,305)**	**123,730**	**204,446**

(c) Movement in temporary differences during the year

'000 AMD	1 January 2024	Recognised in profit or loss	31 December 2024
Property and equipment	(190,162)	(35,117)	(225,279)
Intangible assets	27,382	(64,828)	(37,446)
Trade and other receivables	115,334	39,684	155,018
Contract liabilities	183,721	(34,877)	148,737
Trade and other payables	33,616	4,121	37,737
Right of use asset	(303,143)	38,964	(264,179)
Lease liability	337,698	(28,556)	309,142
	204,446	**(80,609)**	**123,730**

'000 AMD	1 January 2023	Recognised in profit or loss	31 December 2023
Property and equipment	(113,851)	(76,311)	(190,162)
Intangible assets	48,593	(21,211)	27,382
Trade and other receivables	70,847	44,487	115,334
Contract liabilities	202,572	(18,851)	183,721
Trade and other payables	29,584	4,032	33,616
Right of use asset	(275,779)	(27,364)	(303,143)
Lease liability	300,174	37,524	337,698
	262,140	**(57,694)**	**204,446**

10. Property and equipment

'000 AMD	Equipment	Transmitting devices	Leasehold improvement	Vehicles	Construction in progress	Other	Total
Cost							
Balance at 1 January 2023	13,378,332	13,674,914	211,096	414,783	257,422	21,450	27,957,997
Additions	3,938,425	1,018,680	20,622	84,123	1,852,094	20,224	6,934,168
Transfers	-	380,048	-	-	(380,048)	-	-
Disposals/write offs	(15,208)	-	-	-	-	-	(15,208)
Balance at 31 December 2023	**17,301,549**	**15,073,642**	**231,718**	**498,906**	**1,729,468**	**41,674**	**34,876,957**
Balance at 1 January 2024	17,301,549	15,073,642	231,718	498,906	1,729,468	41,674	34,876,957
Additions	2,139,209	1,130,520	195,720	61,839	1,319,455	93,373	4,940,116
Transfers	127,387	579,247	2,056,933	-	(2,763,567)	-	-
Disposals/write offs	(1,057,096)	-	-	-	-	-	(1,057,096)
Balance at 31 December 2024	**18,511,049**	**16,783,409**	**2,484,371**	**560,745**	**285,356**	**135,047**	**38,759,977**
Depreciation							
Balance at 1 January 2023	(10,742,166)	(5,033,993)	(193,877)	(368,977)	-	(21,450)	(16,360,463)
Depreciation for the year	(528,443)	(817,829)	(2,062)	(29,861)	-	(286)	(1,378,481)
Disposals/write offs	1,438	-		-	-	-	1,438
Balance at 31 December 2023	**(11,269,171)**	**(5,851,822)**	**(195,939)**	**(398,838)**	**-**	**(21,736)**	**(17,737,506)**
Balance at 1 January 2024	(11,269,171)	(5,851,822)	(195,939)	(398,838)	-	(21,736)	(17,737,506)
Depreciation for the year	(930,434)	(943,557)	(74,048)	(34,194)	-	(1,046)	(1,983,279)
Disposals/write offs	812,695	-	-	-	-	-	812,695
Balance at 31 December 2024	**(11,386,910)**	**(6,795,379)**	**(269,987)**	**(433,032)**	**-**	**(22,782)**	**(18,908,090)**
Carrying amounts							
At 1 January 2023	**2,636,166**	**8,640,921**	**17,219**	**45,806**	**257,422**	**-**	**11,597,534**
At 31 December 2023	**6,032,378**	**9,221,820**	**35,779**	**100,068**	**1,729,468**	**19,938**	**17,139,451**
At 31 December 2024	**7,124,139**	**9,988,030**	**2,214,384**	**127,713**	**285,356**	**112,265**	**19,851,887**

Depreciation expense of property and equipment is recognised in profit or loss.

11. Intangible assets

'000 AMD	Licenses and patents	Software	Capacity IRU	Other	Total
Cost					
Balance at 1 January 2023	351,123	944,713	-	264,535	1,560,371
Additions	145,070	44,322	417,871	204,290	811,553
Balance at 31 December 2023	**496,193**	**989,035**	**417,871**	**468,825**	**2,371,924**
Balance at 1 January 2024	496,193	989,035	417,871	468,825	2,371,924
Additions	495,489	51,995	-	112,488	659,972
Balance at 31 December 2024	**991,682**	**1,041,030**	**417,871**	**581,313**	**3,031,896**
Amortization					
Balance at 1 January 2023	(226,538)	(934,044)	-	(210,090)	(1,370,672)
Amortization for the year	(65,166)	(47,246)	(27,858)	(97,156)	(237,426)
Balance at 31 December 2023	**(291,704)**	**(981,290)**	**(27,858)**	**(307,246)**	**(1,608,098)**
Balance at 1 January 2024	(291,704)	(981,290)	(27,858)	(307,246)	(1,608,098)
Amortization for the year	(322,493)	(12,472)	(27,858)	(213,975)	(576,798)
Balance at 31 December 2024	**(614,197)**	**(993,762)**	**(55,716)**	**(521,221)**	**(2,184,896)**
Carrying amounts					
At 1 January 2023	**124,585**	**10,669**	**-**	**54,445**	**189,699**
At 31 December 2023	**204,489**	**7,745**	**390,013**	**161,579**	**763,826**
At 31 December 2024	**377,485**	**47,268**	**362,155**	**60,092**	**847,000**

The amortization of intangible assets is recognised in profit or loss.

12. Leases

(a) Leases as lessee

The Company leases premises for network equipment, service shops, warehouse, head office building and dark fibers. The lease terms have been determined as 11-20 years for premises for network equipment, 3-9 years for service shops, 20 years for dark fibers, 9 years for the warehouse and 2-3 years for head office building. All of these leases were classified as right-of use assets under IFRS 16.

The Company leases vehicles and other premises with contract terms of less than or equal to one year. These leases are short-term. The Company also leases street poles the contract terms of which are indefinite. These leases are of low value. The Company has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the Company is a lessee is presented below.

(i) Right-of-use assets

’000 AMD	Premises for network equipment	Service shops	Warehouse	Head office building	Dark fibers	Total
Balance at 1 January 2023	417,354	200,836	287,924	286,588	339,403	1,532,105
Additions to right-of-use assets	10,510	77,890	-	-	-	88,400
Depreciation charge for the year	(39,235)	(85,338)	(32,482)	(96,230)	(27,629)	(280,914)
Changes due to modification	43,618	258,269	58,929	-	15,813	376,629
Disposals	(3,750)	-	-	-	(28,341)	(32,091)
Balance at 31 December 2023	**428,497**	**451,657**	**314,371**	**190,358**	**299,246**	**1,684,129**
Additions to right-of-use assets	16,115	9,037	-	-	-	25,152
Depreciation charge for the year	(40,681)	(101,265)	(32,571)	(96,494)	(27,638)	(298,649)
Changes due to modification	1,626	50,652	-	-	18,093	70,371
Disposals	(3,496)	(9,846)	-	-	-	(13,342)
Balance at 31 December 2024	**402,061**	**400,235**	**281,800**	**93,864**	**289,701**	**1,467,661**

(ii) Amounts recognised in profit or loss

’000 AMD	2024	2023
Leases under IFRS 16		
Interest expense on lease liabilities	218,327	210,166
Depreciation of right of use assets	298,649	280,914
Expenses relating to short-term and low value leases	34,775	30,421

(iii) Amounts recognised in statement of cash flows

’000 AMD	2024	2023
Lease liability principal payments	239,396	219,574
Lease liability interest payments	218,327	210,166
Total cash outflow for leases	**457,723**	**429,740**

(iv) Reconciliation of movements of liabilities to cash flows arising from financial activities - lease liabilities

'000 AMD	Premises for network equipment	Service shops	Warehouse	Head office building	Dark fibers	Total
Balance at 1 January 2024	516,131	484,425	307,435	214,496	353,615	1,876,102
Changes from financing cash flows:						
Payment of lease liabilities – principal	(25,456)	(81,626)	(19,457)	(96,229)	(16,628)	(239,396)
Total changes from financing cash flow	**(25,456)**	**(81,626)**	**(19,457)**	**(96,229)**	**(16,628)**	**(239,396)**
Other changes:						
Lease additions	16,115	9,037	-	-	-	25,152
Changes due to modification	1,626	50,652	-	-	18,093	70,371
Disposals	(3,953)	(9,390)	-	-	-	(13,343)
Interest expense	62,641	57,146	38,143	19,571	40,826	218,327
Interest paid *	(62,641)	(57,146)	(38,143)	(19,571)	(40,826)	(218,327)
Total liability-related other changes	**13,788**	**50,299**	**-**	**-**	**18,093**	**82,180**
Balance at 31 December 2024	**504,463**	**453,098**	**287,978**	**118,267**	**355,080**	**1,718,886**

'000 AMD	Premises for network equipment	Service shops	Warehouse	Head office building	Dark fibers	Total
Balance at 1 January 2023	487,658	226,800	265,752	299,867	387,554	1,667,631
Changes from financing cash flows:						
Payment of lease liabilities – principal	(22,098)	(78,534)	(17,246)	(85,371)	(16,325)	(219,574)
Total changes from financing cash flow	**(22,098)**	**(78,534)**	**(17,246)**	**(85,371)**	**(16,325)**	**(219,574)**
Other changes:						
Lease additions	10,510	77,890	-	-	-	88,400
Changes due to modification	43,618	258,269	58,929	-	15,813	376,629
Disposals	(3,557)	-	-	-	(33,427)	(36,984)
Interest expense	63,255	34,376	40,354	30,429	41,752	210,166
Interest paid *	(63,255)	(34,376)	(40,354)	(30,429)	(41,752)	(210,166)
Total liability-related other changes	**50,571**	**336,159**	**58,929**	**-**	**(17,614)**	**428,045**
Balance at 31 December 2023	**516,131**	**484,425**	**307,435**	**214,496**	**353,615**	**1,876,102**

* Lease payments during the period relates to interest accrued first. If lease payments greater than interest accrued, the excess amount of payments relates to principal.

(b) Leases as lessor

The Company leases out dark fibers representing part of its own fiber optic network as well as provides telecommunication equipment to customers for use under service provision contracts. All leases are classified as operating leases from a lessor perspective because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Rental income recognised by the Company during 2024 was AMD 1,020,129 thousand (2023: AMD 746,543 thousand).

13. Trade and other receivables

’000 AMD	**2024**	**2023**
Trade receivables	2,149,261	1,736,867
Impairment allowance for trade receivables	(392,585)	(327,145)
Trade receivables included in amortised cost category	**1,756,676**	**1,409,722**
Value added tax recoverable	119,034	628,378
Prepayments given	139,545	176,328
Other receivables	81,464	58,863
	2,096,719	**2,273,291**

The Company’s exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in Note 20.

14. Cash and cash equivalents

’000 AMD	**2024**	**2023**
Bank balances		
− rated from Ba1 to Ba3	223,611	71,799
− rated from B1 to B2	185,073	232,039
− not rated	25,859	943,731
Total bank balances	**434,543**	**1,247,569**
Cash in transit	24,178	11,912
Cash and cash equivalents in the statement of financial position and in the statement of cash flows	**458,721**	**1,259,481**

Included in the not rated category as at 31 December 2024 are balances held with an Armenian bank of AMD 25,859 thousand (2023: AMD 929,996 thousand) for which the Company has assessed the credit risk to approximate to external rating of B2 according to Moody’s.

The Company’s exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 20.

15. Capital and reserves

(a) Share capital

As at 31 December 2024 authorized, issued and outstanding share capital comprises 10,000 ordinary shares (2023: 10,000). All shares have a nominal value of AMD 100 thousand (2023: AMD 100 thousand).

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

In accordance with Armenian legislation, the Company's distributable reserves are limited to the balance of retained earnings as recorded in the Company's statutory financial statements prepared in accordance with IFRS Accounting Standards, except for restrictions on retained earnings as described below.

Distribution of dividends is prohibited if the amount of Company's net assets is less than the amount of the Company's share capital, or if the distribution of dividends will result in the Company's net assets falling below the amount of the Company's share capital.

No dividends were declared at the reporting date and during 2024 (2023: none).

16. Capital management

The Company has no formal policy for capital management, but management seeks to maintain a sufficient capital base for meeting the Company's operational and strategic needs, and to maintain confidence of market participants. This is achieved with efficient cash management, constant monitoring of Company's revenues and profit, and long-term investment plans mainly financed by the Company's operating cash flows. With these measures the Company aims for steady profits growth.

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to externally imposed capital requirements.

17. Contract liabilities

'000 AMD	**2023**	**2023**
Non-current portion		
Deferred revenue from dark fiber IRU contracts	701,933	902,803
	701,933	**902,803**
Current portion		
Deferred revenue from dark fiber IRU contracts	124,384	117,870
Customer advances for other services	309,136	331,044
	433,520	**448,914**
	1,135,453	**1,351,717**

Deferred revenue from dark fiber IRU contracts represents the amount of up-front payments received for the services to be delivered during a period of 20 years (Note 6(c)).

18. Loans and borrowings from ultimate parent company

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Company's exposure to interest rate, foreign currency and liquidity risk, see Note 20.

'000 AMD	**2024**	**2023**
Current liabilities		
Loan from ultimate parent company	14,191,592	16,097,190
	14,191,592	**16,097,190**

The principal loan from ultimate parent company amounts to RUB 2,914 million with the contractual maturity in 2029. According to the terms of the loan agreements, the loan can be recalled anytime at the discretion of the lender.

(a) Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

				31 December 2023		**31 December 2022**	
'000 AMD	**Currency**	**Nominal interest rate**	**Year of maturity**	**Face value**	**Carrying amount**	**Face value**	**Carrying amount**
Loan from ultimate parent company	RUB	7.5% - 9%	On demand	12,593,173	12,593,173	16,097,190	16,097,190
Loan from ultimate parent company	RUB	Floating rate (Bank of Russia Key Rate +1.5%)	On demand	1,598,419	1,598,419	-	-
				14,191,592	**14,191,592**	**16,097,190**	**16,097,190**

The Company's ultimate parent company confirmed that it will provide, for the foreseeable future, such financial and other support as is necessary to permit the Company to continue in operational existence and to meet financial obligations as they become due. In addition, although the loans from ultimate parent company are payable on demand, the ultimate parent company confirmed that it is not planning to require settlement of the loans of RUB 2,914 million in the foreseeable future.

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

'000 AMD	**Loans and borrowings**	
	2024	**2023**
Balance at 1 January	16,097,190	15,336,631
Changes from financing cash flows		
Proceeds from borrowings	1,778,250	2,905,900
Repayment of borrowing	(1,801,829)	-
Total changes from financing cash flows	**(24,000)**	**2,905,900**
The effect of changes in foreign exchange rates	**(2,922,214)**	**(2,969,475)**
Other changes		
Liability-related		
Interest expense recognised in profit and loss	943,112	824,134
Borrowing cost capitalised	101,713	-
Interest paid	(4,209)	-
Total liability-related other changes	**1,040,616**	**824,134**
Balance at 31 December	**14,191,592**	**16,097,190**

19. Trade and other payables

'000 AMD	**2024**	**2023**
Trade payables	1,277,600	865,351
Payables for acquisition of property and equipment	53,586	8,051
Other payables	82,118	48,664
Total financial payables within current trade and other payables	**1,413,304**	**922,066**
Payables to employees	360,939	331,027
Taxes payable other than on income	106,288	112,991
Total trade and other payables	**1,880,531**	**1,366,084**

The Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 20.

20. Fair values and risk management

(a) Fair values of financial instruments

The estimates of fair value are intended to approximate the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. However, given the uncertainties and the use of subjective judgment, the fair value should not be interpreted as being realizable in an immediate sale of the assets or transfer of liabilities.

The Company has determined fair values of financial assets and liabilities using valuation techniques. The objective of valuation techniques is to arrive at a fair value determination that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date. The valuation technique used is the discounted cash flow model. Fair value of all financial assets and liabilities is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Management believes that the fair value of the Company's financial assets and liabilities approximates their carrying amounts due to their short-term nature.

(b) Financial risk management

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

- credit risk – Note 20 (b) (ii);
- liquidity risk – Note 20 (b) (iii);
- market risk – Note 20 (b) (iv).

(i) Risk management framework

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

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

(ii) Exposure to credit risk

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

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

'000 AMD	**Carrying amount**	
	2024	**2023**
Trade receivables	1,756,676	1,409,722
Cash and cash equivalents	458,721	1,259,481
Term deposit	163,170	-
	2,378,567	**2,669,203**

Trade receivables

Most of the Company's wholesale and end-user corporate customers have been transacting with the Company for more than five years. Credit risk is managed by requesting up-front payments from the large customers in relation to long-term contracts. For other revenue contracts the Company assesses customers' creditworthiness before the Company's standard payment and service terms and conditions are offered. For its wholesale and end-user corporate customers the Company monitors the credit risk individually by assessing the creditworthiness of each customer based on the ageing profile, industry, geographic location, maturity, trading history with the Company and existence of previous financial difficulties. Management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. Details of concentration of revenue are included in Note 6(b).

The Company limits its exposure to credit risk from trade receivables by establishing a maximum payment period of one month for individual and corporate customers.

The Company does not require collateral in respect of trade and other receivables. The Company does not have trade receivable for which no loss allowance is recognised because of collateral.

At 31 December 2024 and 31 December 2023, the exposure to credit risk for trade receivables by geographic region was as follows.

’000 AMD	**Carrying amount**	
	2024	**2023**
Domestic	977,118	855,275
Other CIS countries	773,664	554,237
Euro-zone countries	5,894	210
	1,756,676	**1,409,722**

At 31 December 2024 and 31 December 2023, the exposure to credit risk for trade receivables by type of counterparty was as follows.

’000 AMD	**Carrying amount**	
	2024	**2023**
Wholesale customers	788,480	619,418
End-user retail customers	397,670	395,427
End-user corporate customers	570,526	394,877
	1,756,676	**1,409,722**

The six largest customers of the Company account for AMD 979,625 thousand, or 56% of the trade receivables carrying amount at 31 December 2024 (2023: the five largest customers AMD 669,886 thousand or 48%).

Expected credit loss assessment for corporate and individual customers

The Company assesses individually the ECL of trade receivables from corporate customers with external ratings, large telecom companies, banks and customers with outstanding balances of greater than AMD 10,000 thousand. The Company 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 Company calculates an ECL rate for individually assessed trade receivables based on delinquency status and actual credit loss experience over the past two years.

The following table sets out information about exposure to credit risk, ECLs and credit quality of trade receivables assessed individually:

2024 **'000 AMD**	**Lifetime ECL not impaired**	**Lifetime ECL impaired**	**Total**
Gross carrying amount of corporate customers assessed individually – not rated	1,000,195	42,513	1,042,708
Gross corporate customers assessed individually	**1,000,195**	**42,513**	**1,042,708**
Expected credit losses	(20,571)	(42,513)	(63,084)
Net corporate customers assessed individually	**979,624**	**-**	**979,624**

2023 **'000 AMD**	**Lifetime ECL not impaired**	**Lifetime ECL impaired**	**Total**
Gross carrying amount of corporate customers assessed individually – not rated	681,875	54,424	736,299
Gross corporate customers assessed individually	**681,875**	**54,424**	**736,299**
Expected credit losses	(15,988)	(54,424)	(70,412)
Net corporate customers assessed individually	**665,887**	**-**	**665,887**

Management estimates that as at 31 December 2024 the unrated corporate trade receivables assessed individually AMD 1,042,708 thousand (2023: AMD 685,874 thousand) approximate rating of B2 to Ba3 under Moody's rating system.

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 2024.

'000 AMD	**Gross corporate customers assessed collectively**	**Gross individual customers assessed collectively**	**Expected credit losses**	**Net carrying amount assessed collectively**	**Expected credit loss rates**
Not past due	322,987	392,953	(12,798)	703,142	2%
Past due 0 - 30 days	55,427	9,390	(12,551)	52,266	19%
Past due 31 - 60 days	21,981	5,683	(10,770)	16,894	39%
Past due 61 - 90 days	11,462	5,069	(11,781)	4,750	71%
Past due more than 90 days	235,958	45,642	(281,600)	-	100%
	647,815	**458,737**	**(329,500)**	**777,052**	**30%**

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.

'000 AMD	Gross corporate customers assessed collectively	Gross individual customers assessed collectively	Expected credit losses	Net carrying amount assessed collectively	Expected credit loss rates
Not past due	296,867	390,347	(12,494)	674,721	2%
Past due 0 - 30 days	49,712	9,597	(11,813)	47,496	20%
Past due 31 - 60 days	21,208	5,870	(10,271)	16,807	38%
Past due 61 - 90 days	10,215	4,651	(10,055)	4,811	68%
Past due more than 90 days	177,992	34,109	(212,101)	-	100%
	555,994	**444,574**	**(256,734)**	**743,835**	**26%**

The Company uses an allowance matrix to measure the ECLs of trade receivables for collectively assessed 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 corporate and individual customers. 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 90 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	2024	2023
Balance at the beginning of the year	327,145	287,913
Impairment loss recognized	106,886	78,788
Amounts written off against trade receivables	(41,446)	(39,556)
Balance at the end of the year	**392,585**	**327,145**

Cash and cash equivalents and term deposit

The Company held cash in transit and bank balances of AMD 458,721 thousand at 31 December 2024 and term deposit of AMD 163,170 thousand (2023: cash and cash equivalents AMD 1,259,481 thousand, term deposit nil), which represents its maximum credit exposure on these assets. From total cash in transit, bank balances and term deposit balances AMD 432,862 thousand (2023: AMD 329,485 thousand) are held with Armenian banks and payment organizations with credit rating of B1 to Ba3 under Moody's rating system.

Included in the not rated category as at 31 December 2024 are balances held with an Armenian bank of AMD 189,029 thousand (2023: AMD 929,996 thousand) for which the Company has assessed the credit risk to approximate to external rating of B2 according to Moody's.

Per Company's assessment no impairment loss is recognized on cash in transit and bank balances primarily due to their short maturities.

(iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company'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 Company's reputation.

The Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of two months, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments.

31 December 2024

'000 AMD	**Carrying amount**	**Contractual cash flows**	**On demand**	**Less than 2 months**	**2-12 months**	**1-5 years**	**More than 5 years**
Non-derivative financial liabilities							
Loan from ultimate parent company	14,191,592	14,191,592	14,191,592	-	-	-	-
Trade and other payables	1,413,304	1,413,304	-	1,187,746	225,558	-	-
Lease liabilities	1,718,886	2,792,356	-	76,348	380,707	1,424,286	911,015
	17,323,782	**18,397,252**	**14,191,592**	**1,264,094**	**606,265**	**1,424,286**	**911,015**

31 December 2023

'000 AMD	**Carrying amount**	**Contractual cash flows**	**On demand**	**Less than 2 months**	**2-12 months**	**1-5 years**	**More than 5 years**
Non-derivative financial liabilities							
Loan from ultimate parent company	16,097,190	16,097,190	16,097,190	-	-	-	-
Trade and other payables	922,066	922,066	-	735,309	186,757	-	-
Lease liabilities	1,876,102	3,152,098	-	74,632	373,984	1,583,588	1,119,894
	18,895,358	**20,171,354**	**16,097,190**	**809,941**	**560,741**	**1,583,588**	**1,119,894**

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

(iv) 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 Company'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 optimizing the return.

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

Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than AMD. The currency in which these transactions primarily are denominated is RUB as at 31 December 2024 (2023: RUB).

Exposure to currency risk

The Company's exposure to foreign currency risk was as follows based on notional amounts:

'000 AMD	USD-denominated 2024	EUR-denominated 2024	RUB-denominated 2024	USD-denominated 2023	EUR-denominated 2023	RUB-denominated 2023
Cash and cash equivalents	76,220	18,505	6,404	7,788	59,688	938,529
Trade receivables	238,652	659,174	1,417	399,699	188,426	1,373
Loans and borrowings	-	-	(14,191,592)	-	-	(16,097,190)
Trade payables	(872,904)	(4,680)	(14,393)	(546,457)	(6,441)	(129,132)
	(558,032)	**672,999**	**(14,198,164)**	**(138,970)**	**241,673**	**(15,286,420)**

The following significant exchange rates applied during the year:

in AMD	Average rate		Reporting date spot rate	
	2024	**2023**	**2024**	**2023**
USD 1	392.65	392.54	396.56	404.79
EUR 1	424.87	424.59	413.89	447.90
RUB 1	4.25	4.65	3.71	4.50

Sensitivity analysis

A reasonably possible strengthening (weakening) of the AMD, as indicated below, against USD, EUR and RUB at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected profit or loss 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.

'000 AMD	Strengthening	Weakening
	Profit or (loss)	**Profit or (loss)**
31 December 2024		
AMD 10% movement against USD	55,803	(55,803)
AMD 10% movement against EUR	(67,299)	67,299
AMD 20% movement against RUB	2,839,632	(2,839,632)
31 December 2023		
AMD 10% movement against USD	13,897	(13,897)
AMD 10% movement against EUR	(24,167)	24,167
AMD 10% movement against RUB	1,528,642	(1,528,642)

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 Company'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 Company over the expected period until maturity.

Exposure to interest rate risk

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

'000 AMD	Carrying amount	
	2024	**2023**
Fixed rate instruments		
Financial assets	362,430	1,167,798
Financial liabilities	(12,607,501)	(16,097,190)
Variable rate instruments		
Financial liabilities	(1,584,091)	-
Variable rate instruments	**(13,829,162)**	**(14,929,392)**

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) equity and 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.

'000 AMD	Profit or loss	
	100 bp increase	**100 bp decrease**
2024		
Variable rate instruments	(12,990)	12,990

Fair value sensitivity analysis for fixed rate instruments

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

21. Capital commitments

As at 31 December 2024 the total amount outstanding under the Company's contracts to purchase property and equipment is nil (2023: AMD 939,911 thousand).

22. Contingencies

(a) Reimbursement

As of 31 December 2024, the Company has a contingent asset related to a potential reimbursement under Decision No. 1334-N of the Government of the Republic of Armenia dated 3 August 2023, in the total amount of AMD 349,841 thousand. This amount comprises AMD 236,638 thousand for the construction and installation of a transformer substation and AMD 113,204 thousand for road renovation.

According to the agreement signed with the Ministry of Economy, the Company may be entitled to receive reimbursement for eligible expenses incurred in the implementation of the investment project, including construction works and the installation of infrastructure assets such as the transformer substation. The reimbursement is subject to approval of the government of the report on works performed and will be recognised as a government grant when the approval is received.

(b) 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 Company does not have full coverage for its plant facilities, business interruption, or third party liability in respect of property or environmental damage arising from accidents on Company property or relating to Company operations. Until the Company obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on the Company's operations and financial position.

(c) Litigations

In the ordinary course of business, the Company is subject to legal actions, litigations and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the financial condition or the results of future operations.

(d) 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.

23. Related party transactions

(a) Control relationships

The Company's immediate parent company is Filor Ventures Ltd.

As at 31 December 2018 Rostelecom International Ltd, the 100% subsidiary of Rostelecom PJSC, owned 74.98% shares of Filor Ventures Ltd. During 2019 Rostelecom International Ltd purchased additional 25.02% shares of Filor Ventures Ltd increasing its stake up to 100%.

Rostelecom PJSC is the ultimate parent company of the Company which is ultimately controlled by the Government of the Russian Federation.

Rostelecom PJSC produces publicly available financial statements.

(b) Transactions with key management personnel

(i) Key management remuneration

Key management received the following remuneration during the year, which is included in wages and other employee benefits as shown in the statement of profit or loss and other comprehensive income:

'000 AMD	**2024**	**2023**
Key management	**435,300**	**453,889**

(c) Transactions with government related entities

The Company transacts in its daily operations with a number of entities that are either controlled or jointly controlled by the government of Russia. The Company applies the exemption in IAS 24 *Related Party Disclosures* that allows to present reduced related party disclosures regarding transactions with government-related entities.

Included in the Company's revenue is AMD 136,375 thousand (2023: AMD 136,615 thousand) from three entities significantly influenced or controlled by the government of the Russian Federation. The sales are on terms comparable to those with other entities that are not government related.

Included in the Company's expenses is AMD 78,648 thousand (2023: AMD 81,717 thousand) from two entities significantly influenced or controlled by the government of the Russian Federation.

(d) Other related party transactions

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

(i) Revenues

'000 AMD	Transaction value 2023	Transaction value 2023
Services provided:		
Ultimate parent company:		
– revenue from international data transit services	240,401	273,723
Entities under common control:		
– revenue from international data transit services and other income	352,593	639,820

(ii) Expenses

'000 AMD	Transaction value 2024	Transaction value 2023
Services received:		
Ultimate parent company – purchased internet traffic	139,051	212,713
Ultimate parent company – lease of network infrastructure and other expenses	173,613	54,109
Entities under common control – purchased internet traffic	46,755	22,600
Other expenses:		
Ultimate parent company	64,977	119,941

(iii) Loans

'000 AMD	2024	2023
Ultimate parent company – outstanding loans	14,191,592	16,097,190
Ultimate parent company – amount loaned	1,778,250	2,905,900
Ultimate parent company – interest expense	1,044,825	824,134

(iv) Outstanding balances

(a) Trade and other payables

’000 AMD	**2024**	**2023**
Ultimate parent company – trade payables	834,993	644,564
Entities under common control– trade payables	44,155	247,258

(b) Trade and other receivables

’000 AMD	**2024**	**2023**
Ultimate parent company – trade receivables	771,748	551,908
Entities under common control – trade receivables	680	1,234

All outstanding balances with related parties other than loans received are to be settled in cash within six months of the reporting date. None of the balances are secured.

24. Basis of measurement

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

25. Material accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Revenue

Information about the Company’s accounting policies relating to contracts with customers is provided in Note 6(d).

(b) Finance income and finance costs

The Company’s finance income and finance costs include:

- interest income;
- interest expense;
- the foreign currency gain or loss on financial assets and financial liabilities;

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.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(c) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency 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 items in a foreign currency 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.

(d) 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 recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company 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.

(e) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are 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.

A deferred tax asset is recognised for unused tax losses, 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 utilised. 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.

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 Company 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.

(f) Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and 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. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When 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 except for dark fibers 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.

The proceeds from sale of dark fibers are recognized in revenue because these transactions are in the course of the ordinary activities of the Company.

(ii) Subsequent costs

The cost of replacing a component of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. 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.

Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

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. Land is not depreciated.

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

– leasehold improvement	15-20 years
– telecom equipment	5-10 years
– transmitting devices	15-20 years
– vehicles	10 years
– other	15-20 years

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

(g) Intangible assets

The intangible assets that are acquired by the Company, which have finite useful lives, are measured at cost less accumulated amortization and impairment losses.

(i) 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 is recognised in the profit or loss as incurred.

(ii) Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, 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:

– Licenses and patents	1-6 years
– Software	8-10 years
– Capacity IRU	15 years
– other	2-5 years

(h) Financial instruments

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company 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 Company 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.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company 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 – 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 Company 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 Company considers:

- contingent events that would change the amount or timing of cash flows;
- prepayment and extension features; and
- terms that limit the Company'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) Derecognition

Financial assets

The Company 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 Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company 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 Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company 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.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company 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.

(v) Cash and cash equivalents

Cash and cash equivalents comprise petty cash and bank balances. In the statement of cash flows, cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

(vi) Share capital

Ordinary shares are classified as equity.

(i) Impairment

(i) Non-derivative financial assets

Financial instruments

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

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

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company 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.

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 Company expects to receive).

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

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 Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 365 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Company 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 Company 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 Company's procedures for recovery of amounts due.

(j) Leases

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

(i) As a lessee

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

The Company 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 Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company 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.

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

The Company 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 fixed payments, including in-substance fixed payments.

The lease liability is measured at amortised cost using the effective interest method. 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 Company presents right-of-use assets and lease liabilities separately in the statement of financial position.

The Company has elected to apply a single discount rate to a portfolio of leases with similar characteristics. The Company has elected to apply portfolio accounting for leases with similar characteristics.

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets, including renting access to street poles and for short-term leases, including leases of vehicle. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

A lease term reflects the Company's reasonable estimate of the period during which the underlying asset will be used. In determining the lease term the Company bases its judgement on the broader economics of the contract and the underlying asset, rather than the contractual terms only and allows factors like economic penalties, legislative approach to renewal of the lease, forthcoming changes in regulation and the future business plans of the Company to be effectively captured in the estimate of the lease term.

(ii) As a lessor

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

When the Company 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 Company 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 Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

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

26. New standards and interpretations not yet adopted

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

(a) IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under indirect method.

The Company is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Company's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Company is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as "other".

(b) Other accounting standards

The following new and amended standards are not expected to have a significant impact on the Company's financial statements.

- Lack of Exchangeability (Amendments to IAS 21).
- Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7).