

A nighttime aerial view of a city with a complex highway interchange. The scene is illuminated by city lights and the warm glow of light trails from moving vehicles. Several bright, glowing white arcs are overlaid on the image, resembling fiber optic cables or data paths connecting different parts of the city.

DIGI
communications n.v.

1ST QUARTER 2024 – FINANCIAL REPORT
for the three-month period ended March 31, 2024

DIGI COMMUNICATIONS N.V. (“Digi”)



(the “COMPANY”)

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

**FINANCIAL REPORT (the “REPORT”)
for the three-month period ended March 31, 2024**

This Unaudited Condensed Consolidated Interim Financial Report for the period ended 31 March 2024 refers to the Unaudited Condensed Consolidated Interim Financial Statements prepared in accordance with IAS 34 “Interim Financial Reporting”.

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Important Information



Cautionary Note Regarding Forward-Looking Statements

Certain statements in this report are not historical facts and are forward-looking. We may from time to time make written or oral forward-looking statements in reports to shareholders and in other communications. In addition, this report includes forward-looking information that has been extracted from third-party sources. Forward-looking statements include statements concerning our plans, expectations, projections, objectives, targets, goals, strategies, future events, future operating revenues or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, our competitive strengths and weaknesses, our business strategy, and the trends we anticipate in the industries and the political and legal environments in which we operate and other information that is not historical information.

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

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

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, many of which are beyond our control, and risks exist that the predictions, forecasts, projections, and other forward-looking statements will not be achieved. You should be aware that several important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates, and intentions expressed in such forward-looking statements.

New risks can emerge from time to time, and it is not possible for us to predict all such risks, nor can we assess the impact of all such risks on our business or the extent to which any risks, or combination of risks and other factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, you should not rely on forward-looking statements as a prediction of actual results.

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

Operating and Market Data

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

More specifically:

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

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

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

from some of our competitors, you should use caution when comparing our ARPU figures with those of other telecommunications companies.

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

Non-GAAP Financial Measures

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

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

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

Rounding

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

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



The following discussion and analysis of the financial condition and results of operations of the Group should be read in conjunction with the unaudited interim condensed consolidated financial statements of the Group as of March 31, 2024.

The following discussion includes forward-looking statements based on assumptions about our future business. Our actual results could differ materially from those contained in these forward-looking statements as a result of many factors, including but not limited to those described in sections captioned “Forward-Looking Statements” of this Report.

Overview

We are an European leader in geographically-focused telecommunication solutions, based on the number of RGUs (*Source: Group and peer reporting*). We are a leading provider of telecommunication services in Romania and Spain, with a presence also in Italy, Portugal and Belgium.

- ▶ **Romania.** Our offerings in Romania include Pay TV, fixed internet and data, mobile telecommunication services and fixed-line telephony.
- ▶ **Spain.** We provide mobile telecommunication services as an MVNO through the mobile network of Telefónica. We also offer fixed internet and data and fixed-line telephony services through Telefónica’s fixed network and through our own GPON FTTH network.
- ▶ **Italy.** We provide mobile telecommunication services as an MVNO through the mobile network of Vodafone. Our service offerings in Italy primarily target the large local Romanian community and the value centric Italian market.
- ▶ **Portugal.** We expanded operations in Portugal, where we were allocated radio frequencies at the mobile spectrum auction from 2021. We are in process of developing the fixed and mobile networks and we will start operations at a later date.
- ▶ **Belgium.** During 2023, we have continued to develop our presence and signed agreements that will allow us to start operations with a limited physical footprint. In February 2023 Citymesh Mobile signed the agreement for the purchase of 100% of the shares of Dense Air Belgium SRL from Dense Air LTD. This agreement grants us usage rights to the spectrum in the frequency block of 2575-2620Mhz, until 30 June 2027. Also, in August 2023 Digi Belgium and InSky have concluded with Proximus Plc, a series of wholesale agreements, under which the Belgian Joint Venture acquired national roaming services for a minimum period of 5 (five) years on the Belgian territory. Additionally, under the above-mentioned agreements, a number of around 400 (four hundred) mobile sites (physical infrastructure) are expected to be bought in the next 4 (four) years. Alongside the spectrum package acquired during the last auction, completed in June 2022, these new commercial agreements will allow our Belgian Joint Venture to continue developing our strategy, which, together with the substantial investments and significant efforts allotted to this end, will enable us to prepare for the start of the communications services in the Belgian market.

For the three months ended March 31, 2024, we had revenues and other income of €446.6 million, net profit of €25.6 million and Adjusted EBITDA of €163 million.

Basis of Financial Presentation

The Group prepared its Interim Financial Statements as of March 31, 2024 in accordance with IFRS as adopted by EU. For the periods discussed in this Report, the Group’s presentation currency was the euro. The Group’s financial year ends on December 31 of each calendar year.

All amounts presented are for continuing operations unless otherwise stated.

Functional Currencies and Presentation Currency

Each Group entity prepares individual financial statements in its functional currency, which is the currency of the primary economic environment in which such entity operates. As our operations in Romania and Spain generated approximately 58% and 40%, respectively, of our consolidated revenue for the three months ended March 31, 2024 our principal functional currencies are the Romanian leu and EUR.

The Group presents its Interim Condensed Consolidated Financial Statements in euros. The Group uses the euro as the presentation currency of its Interim Condensed Consolidated Financial Statements because management analysis and reporting are prepared in euros, as the euro is the most used reference currency in the telecommunication industry in the European Union.

Presentation of Revenue and Operating Expenses

Our Board of Directors evaluates business and market opportunities and considers our results primarily on a country-by-country basis. We currently generate revenue in Romania, Spain and Italy. We currently incur operating expenses in Romania, Spain, Italy and Portugal.

Revenue and operating expenses from our operations are broken down into the following geographic segments: Romania, Spain and Other (the Other segment includes Italy and Portugal).

In line with our management's consideration of the Group's revenue generation we further break down revenue generated by each of our three geographic segments in accordance with our five principal business lines: (1) Pay TV; (2) fixed internet and data; (3) mobile telecommunication services; and (4) fixed-line telephony.

Exchange rates

In the three-month period ended March 31, 2024 the Romanian leu has depreciated by approximately 1%. The following table sets out, where applicable, the period-end and average exchange rates for the periods under review of the euro against each of our principal functional currencies and the U.S. dollar, in each case as reported by the relevant central bank on its website (unless otherwise stated):

Value of one euro in the relevant currency	As at and for the three months ended March 31,	
	2024	2023
Romanian leu (RON)⁽¹⁾		
Period end rate	4.97	4.95
Average rate	4.97	4.92
U.S. dollar (USD)⁽¹⁾		
Period end rate	1.08	1.09
Average rate	1.09	1.07

(1) According to the exchange rates published by the National Bank of Romania

In the three-month ended March 31, 2024 we had a net foreign exchange loss of €0.3 million, compared to a net foreign exchange gain of 0.6 million in the three months ended March 31, 2023.

Growth in Business, RGUs and ARPU

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

The following table shows our RGUs (thousand) by geographic segment and business line and monthly ARPU (€/month) by geographic segment as at and for the three-month period ended March 31, 2024 and 2023:

RGUs (thousand)/ARPU (€/month)	As at and for the three months ended		% change
	March 31,		
	2024	2023	
Romania			
RGUs			
Pay TV ⁽¹⁾	5,718	5,507	3.8%
Fixed internet and data ⁽²⁾	4,646	4,309	7.8%
Mobile telecommunication services ⁽³⁾	6,023	5,178	16.3%
Fixed-line telephony ⁽²⁾	879	922	(4.7%)
ARPU⁽⁴⁾	4.4	4.5	(2.2%)
Spain			
RGUs			
Fixed internet and data	1,525	973	56.7%
Mobile telecommunication services ⁽³⁾	5,006	4,049	23.6%
Fixed-line telephony	496	320	55.0%
ARPU⁽⁴⁾	8.8	9.3	(5.4%)
Other⁽⁵⁾			
RGUs			
Mobile telecommunication services ⁽³⁾	435	368	18.2%
ARPU⁽⁴⁾	5.9	6.2	(4.8%)

(1) Includes RGUs for Pay TV.

(2) Includes residential and business RGUs.

(3) Includes mobile telephony and mobile internet and data RGUs.

(4) ARPU refers to the average revenue per RGU in a geographic segment, or the Group as a whole, for a period, by dividing the total revenue of such geographic segment, or the Group, for such period.

(5) Includes Italy.

Historical Results of Operations

Results of Operations for the three months ended March 31, 2024 and 2023

	As at and for the three months ended March 31,	
	2024	2023
	(€ millions)	
Revenues		
Romania	260.7	245.5
Spain	177.5	143.4
Other	7.6	6.8
Elimination of intersegment revenues	(0.5)	(0.8)
Total revenues	445.3	394.9
Other income	1.4	3.7
Other expense	(0.0)	(0.2)
Operating expenses		
Romania	(137.3)	(140.5)
Spain	(138.0)	(116.3)
Other	(8.9)	(8.8)
Elimination of intersegment expenses	0.5	0.8
Depreciation, amortization and impairment of tangible and intangible assets	(113.3)	(100.7)
Total operating expenses	(396.9)	(365.5)
Operating profit	49.7	32.8
Finance income	2.6	1.3
Finance expense	(21.5)	(18.1)
Net finance costs	(19.0)	(16.7)
Share of loss of equity-accounted investees	(0.8)	(2.5)
Profit before taxation from continuing operations	30.0	13.6
Income tax expense	(4.4)	(2.8)
Profit for the period	25.6	10.8
	Three months ended 31 March 2024	Three months ended 31 March 2023
Revenues	445.3	394.9
Other income	1.4	3.7
Operating profit	49.7	32.8
Depreciation, amortization and impairment and revaluation impact	113.3	100.7
EBITDA	163.0	133.5
Other expenses	0.0	0.2
Adjusted EBITDA	163.1	133.7
IFRS 16 impact	(23.2)	(20.4)
Adjusted EBITDA excluding IFRS 16 impact	139.9	113.4

Revenue

Our revenue (excluding intersegment revenue and other income) for the three-month period ended March 31, 2024 was €445.3 million, compared with €394.9 million for the three-month period ended March 31, 2023, an increase of 12.8%.

The following table shows the distribution of revenue by geographic segment and business line for the three-month period ended March 31, 2024 and 2023:

	As at and for the three months ended March 31,		
	2024	2023	% change
(€ millions)			
Geographical segment			
Romania	260.3	244.8	6.3%
Spain	177.4	143.3	23.8%
Other ⁽¹⁾	7.6	6.8	11.8%
Total	445.3	394.9	12.8%
Category			
Fixed services ⁽²⁾	228.6	199.6	14.5%
Mobile services	182.5	163.4	11.7%
Other	34.1	31.9	6.9%
Total	445.3	394.9	12.8%

(1) Includes revenues from operations in Italy and Portugal.

(2) Includes revenues from DTH operations.

Revenue in Romania for the three-month period ended March 31, 2024 was €260.3 million compared with €244.8 million for the three-month period ended March 31, 2023, an increase of 6.3%.

Revenue growth in Romania was mainly the result of the increase of mobile telecommunication services, fixed internet and data and pay TV RGUs in the period. ARPU in Romania was impacted by the decrease in mobile termination rates, as well as subscription packages' mix.

Our Pay TV RGUs increased from approximately 5,507 thousand as at March 31, 2023 to approximately 5,718 thousand as at March 31, 2024, an increase of approximately 3.8%, and our fixed internet and data RGUs increased from approximately 4,309 thousand as at March 31, 2023 to approximately 4,646 thousand as at March 31, 2024, an increase of approximately 7.8%. These increases were obtained both organically, primarily due to our attractive fixed internet and data and pay TV packages.

Mobile telecommunication services RGUs increased from approximately 5,178 thousand as at March 31, 2023 to approximately 6,023 thousand as at March 31, 2024, an increase of approximately 16.3%, mainly driven by our attractive offerings.

Fixed-line telephony RGUs decreased from approximately 922 thousand as at March 31, 2023 to approximately 879 thousand as at March 31, 2024, a decrease of approximately 4.7%, as a result of the general trend away from fixed-line telephony and towards mobile telecommunication services.

Other revenues include mainly sales of equipment, energy, green certificates, but also contains services of filming sport events and advertising revenue. Sales of equipment includes mainly mobile handsets and other equipment.

Revenue in Spain for the three-month period ended March 31, 2024 was €177.4, compared with €143.3 million for the three-month period ended March 31, 2023, an increase of 23.8%.

The increase in revenues generated by our operations in Spain was due to the increase in mobile telecommunication services and fixed internet and data RGUs in the period, mainly driven by our attractive offerings.

Mobile telecommunication services RGUs increased from approximately 4,049 thousand as at March 31, 2023 to approximately 5,006 thousand as at March 31, 2024, an increase of approximately 23.6%.

Fixed internet and data RGUs increased from approximately 973 thousand as at March 31, 2023 to approximately 1,525 thousand as at March 31, 2024, an increase of approximately 56.7% and fixed-line telephony RGUs increased from approximately 320 thousand as at March 31, 2023 to approximately 496 thousand as at March 31, 2024, an increase of approximately 55.0%.

Revenue in Other represented revenue from our operations in Italy and Portugal and for the three-month period ended March 31, 2024 was €7.6 million, compared with €6.8 million for the three-month period ended March 31, 2023, an increase of 11.8%, primarily due to attracting new customers in Italy. Mobile telecommunication services RGUs increased from approximately 368 thousand as at March 31, 2023 to approximately 435 thousand as at March

31, 2024, an increase of approximately 18.2%.

Total operating expenses

Our total operating expenses (excluding intersegment expenses) for the three-month period ended March 31, 2024 was €396.9 million, compared with €365.5 million for the three-month period ended March 31, 2023, an increase of 8.6%, respectively.

	As at and for the three months ended March 31,	
	2024	2023
Romania	137.2	140.3
Spain	137.7	115.9
Other ⁽¹⁾	8.8	8.6
Depreciation, amortization and impairment of tangible and intangible assets	113.3	100.7
Total operating expenses	396.9	365.5

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

Operating expenses in Romania for three-month period ended March 31, 2024 was €137.2 million, compared with €140.3 million for the three-month period ended March 31, 2023, a decrease of 2.2%.

Operating expenses in Spain for the three-month period ended March 31, 2024 were €137.7 million, compared with €115.9 million for the three-month period ended March 31, 2023, an increase of 18.8%. Operating expenses follow the evolution of increase in mobile telephony services RGUs between the two periods, as a result of business development.

Operating expenses in Other represent expenses of our operations in Italy, Portugal and expenses of Digi and for the three-month period ended March 31, 2024 was €8.8 million, compared with €8.6 million for the three-month period ended March 31, 2023, an increase of 2.3%.

Depreciation, amortization and impairment of tangible and intangible assets

The table below sets out information on depreciation, amortization and impairment of our tangible and intangible assets for the three-month period ended March 31, 2024 and 2023:

	As at and for the three months ended March 31,	
	2024	2023
	(€ millions)	
Depreciation of property, plant and equipment	47.8	39.7
Amortization of non-current intangible assets	24.5	23.4
Amortisation of Subscriber acquisition costs	15.1	14.3
Depreciation of right of use assets	25.1	21.8
Impairment of property, plant and equipment and subscriber acquisition costs	0.9	1.5
Total	113.3	100.7

Other income

We recorded €1.4 million of other income in the three-month period ended March 31, 2024 compared with €3.7 million of other income in the three-month ended March 31, 2023, representing income from energy subvention.

Operating profit

For the reasons set forth above, our operating profit was €49.7 million for the three-month period ended March 31, 2024, compared with €32.8 million for the three-month period ended March 31, 2023.

Net finance expense

We recognized net finance expense of €19 million in the three-month period ended March 31, 2024, compared with €16.7 million for the three-month period ended March 31, 2023, an increase of 13.3%.

Profit before taxation from continuing operations

For the reasons set forth above, our profit before taxation was €30 million in the three-month period ended March 31, 2024, compared with profit of €13.6 million for the three-month period ended March 31, 2023.

Income tax expense

An income tax expense of €4.4 million was recognized in the three-month period ended March 31, 2024, compared to an expense of €2.8 million recognized in the three-month period ended March 31, 2023.

Net profit for the period

For the reasons set forth above, our net profit was €25.6 million in the three-month period ended March 31, 2024, compared to net profit of the prior period of €10.8 million for the three months ended March 31, 2023.

Liquidity and Capital Resources

Historically, our principal sources of liquidity have been our operating cash flows as well as debt financing. Going forward, we expect to fund our cash obligations and capital expenditures primarily out of our operating cash flows, credit facilities and letter of guarantee facilities. We believe that our operating cash flows will continue to allow us to maintain a flexible capital expenditure policy.

All our businesses have historically produced positive operating cash flows that are relatively constant from month to month. Variations in our aggregate cash flow during the periods under review principally represented increased or decreased cash flow used in investing activities and cash flow from financing activities.

We have made and intend to continue to make significant investments in the growth of our businesses by expanding our mobile and fixed networks, acquiring new and renewing existing content rights, procuring CPE which we provide to our customers and exploring other investment opportunities in line with our current business model. We believe that we will be able to continue to meet our cash flow needs by the acceleration or deceleration of our growth and expansion plans.

We believe that we will be able to continue to meet our cash flow needs by the acceleration or deceleration of our growth and expansion plans.

Historical cash flows

The following table sets forth our consolidated cash flows from operating activities for the three-month period ended March 31, 2024 and 2023, cash flows used in investing activities and cash flows from/(used in) financing activities:

	As at and for the three months ended March 31,	
	2024	2023
	(€ millions)	
Cash flows from operations before working capital changes	161.8	141.2
Cash flows from changes in working capital	(13.6)	(34.7)
Cash flows from operations	148.2	106.5
Interest paid	(21.7)	(18.6)
Cash flow from operating activities	126.5	87.9
Cash flow from / (used) in investing activities	(162.0)	(151.9)
Cash flows from / (used) in financing activities	(21.1)	38.9
Net decrease in cash and cash equivalents	(56.6)	(25.1)
Cash and cash equivalents at the beginning of the period	221.3	261.4
Cash and cash equivalents at the closing of the period	164.7	236.3

Cash flows from operations before working capital changes were €161.8 million in the three-month period ended March 31, 2024 and €141.2 million in the three-month period ended March 31, 2023 for the reasons discussed in “—Historical Results of Operations—Results of operations for the three-month period ended March 31, 2024 and 2023”.

The following table shows changes in our working capital:

	For the three months ended March 31,	
	2024	2023
	(€ millions)	
Increase in trade receivables and other assets	0.8	(6.0)
(Increase)/Decrease in inventories	2.4	3.3
(Increase)/Decrease in programme assets	(7.2)	(6.1)
Decrease in trade payables and other current liabilities	(14.2)	(30.8)
Increase in contract liabilities	4.5	4.9
Total	(13.6)	(34.7)

We had a working capital requirement of €13.6 million in the three-month period ended March 31, 2024 (compared with a working capital requirement of €34.7 million in the three-month period ended March 31, 2023).

Cash flows from operating activities were €126.5 million in the three-month period ended March 31, 2024 and €87.9 million in the three-month period ended March 31, 2023. Included in these amounts are deductions for interest paid. No income tax was paid in the three months ended March 31, 2024 and for the three months ended March 31, 2023. Interest paid was €21.7 million in the three-month ended March 31, 2024, compared with €18.6 million in the three-month ended March 31, 2023. The increase in cash flows from operating activities in the three-month ended March 31, 2023 was primarily due to changes in working capital discussed above.

Cash flows from / (used) in investing activities were €162 million in the three-month period ended March 31, 2024 and €151.9 million in the three-month period ended March 31, 2023.

Purchases of property, plant and equipment were €134 million in the three-months ended March 31, 2024 and €123.3 million in the three-month ended March 31, 2023.

Cash flows from / (used) in financing activities were €21.1 million outflows and €38.9 million inflows for the three months ended March 31, 2023.

DIGI COMMUNICATIONS NV

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**PREPARED IN ACCORDANCE WITH
IAS 34 INTERIM FINANCIAL REPORTING
for the three-month period ended 31 March 2024**

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GENERAL INFORMATION

Directors:

Serghei Bulgac

Bogdan Ciobotaru

Valentin Popoviciu

Piotr Rymaszewski

Emil Jugaru

Marius Catalin Varzaru

Zoltan Teszari

Registered Office:

Digi Communications N.V.

75 Dr. Nicolae Staicovici Street, Forum 2000 Building, Phase 1, 4th floor, 5th District,
Bucharest, Romania

DIGI Communications N.V.
Interim Condensed Consolidated Statement of Financial Position
for the period ended 31 March 2024
(all amounts are in thousand EUR, unless specified otherwise)

	Notes	31 March 2024	31 December 2023 Audited
ASSETS			
Non-current assets			
Property, plant and equipment	4	2,056,531	1,969,936
Right of use assets	5	396,580	395,674
Intangible assets and goodwill	6	361,287	362,679
Subscriber acquisition costs		60,950	60,684
Investment property		11,834	11,687
Financial assets at fair value through OCI	16	58,222	51,183
Equity accounted investees		850	1,617
Long term receivables		16,061	13,617
Other non-current assets		4,288	4,466
Derivative financial assets		3,366	3,366
Other long term assets		2,386	3,019
Deferred tax asset		16,299	16,035
Total non-current assets		2,988,654	2,893,963
Current assets			
Inventories		10,506	12,918
Programme assets	6	13,307	19,148
Trade and other receivables		79,178	92,752
Loans to related parties		35,195	18,455
Contract assets		90,870	94,292
Other assets		16,258	14,198
Derivative financial assets	16	1,613	2,768
Cash and cash equivalents		164,731	221,342
Total current assets		411,658	475,873
Total assets		3,400,312	3,369,836
EQUITY AND LIABILITIES			
Equity			
	7		
Share capital		6,810	6,810
Share premium		3,406	3,406
Treasury shares		(14,042)	(14,135)
Reserves		4,295	(3,014)
Retained earnings		689,120	667,179
Equity attributable to owners of the Company		689,589	660,246
Non-controlling interest		127,930	124,048
Total equity		817,519	784,294
LIABILITIES			
Non-current liabilities			
Loans and borrowings	8	709,074	1,183,650
Lease liabilities	9	308,711	312,537
Deferred tax liabilities		83,712	82,209
Decommissioning provision		11,594	11,302
Trade and other payables		59,362	71,640
Contract liabilities		5,479	3,428
Total non-current liabilities		1,177,932	1,664,766
Current liabilities			
Trade and other payables		537,167	563,193
Employee benefits		53,471	54,994
Loans and borrowings	8	696,679	199,814
Lease liabilities	9	86,303	77,039
Income tax payable		5,704	2,389
Provisions		339	614
Contract liabilities		25,198	22,733
Total current liabilities		1,404,861	920,776
Total liabilities		2,582,793	2,585,542
Total equity and liabilities		3,400,312	3,369,836

The notes on pages 8 to 27 are an integral part of these interim condensed consolidated financial statements. The condensed consolidated interim financial report was issued on 15 May 2024.

DIGI Communications N.V.**Interim Condensed Consolidated Statement of Comprehensive Income**

for the three-month period ended 31 March 2024

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

	Notes	Three-month period ended 31 March 2024	Three-month period ended 31 March 2023
Revenues	11	445,250	394,923
Other income		1,434	3,676
Operating expenses	12	(320,401)	(296,861)
Employee benefits	12	(76,545)	(68,677)
Other expenses	19	(7)	(232)
Operating profit		49,731	32,829
Finance income		2,565	1,341
Finance costs		(21,526)	(18,071)
Net finance costs	13	(18,961)	(16,730)
Share of loss of equity-accounted investees		(767)	(2,549)
Profit before taxation		30,003	13,550
Income tax expense		(4,439)	(2,753)
Profit from continuing operations		25,564	10,797
Profit for the period		25,564	10,797
<i>Attributable to owners</i>		<i>21,706</i>	<i>10,061</i>
<i>Attributable to non-controlling interests</i>		<i>3,858</i>	<i>736</i>
Other comprehensive income			
<i>Items that are or may be reclassified to profit or loss, net of income tax</i>			
Foreign operations – foreign currency translation differences		411	84
<i>Items that will not be reclassified to profit or loss</i>			
Revaluation of equity instruments measured at fair value through OCI		6,987	3,391
Other comprehensive income/(loss) for the period, net of income tax		7,398	3,475
Total comprehensive income for the period		32,962	14,272
<i>Attributable to owners</i>		<i>29,080</i>	<i>13,551</i>
<i>Attributable to non-controlling interests</i>		<i>3,882</i>	<i>721</i>

The notes on pages 8 to 27 are an integral part of these interim condensed consolidated financial statements.

The condensed consolidated interim financial report was issued on 15 May 2024.

DIGI Communications N.V.
Interim Condensed Consolidated Cash Flow Statement
for the three-month period ended 31 March 2024
(all amounts in EUR '000, unless specified otherwise)

	Notes	Three-month period ended 31 March 2024	Three-month period ended 31 March 2023 Restated
Cash flows from operating activities			
Profit before taxation from continuing operations		30,003	13,549
Profit before taxation from discontinued operations			-
Adjustments for:			
Depreciation	12	72,860	61,488
Amortisation	12	39,595	37,693
Impairment	12	858	1,458
Decommissioning provision		255	188
Interest expense	13	17,278	13,607
Impairment of trade and other receivables	12	2,166	2,233
Reversal of provisions		(22)	(525)
Losses on derivative financial instruments		1,158	1,998
Share of loss of equity-accounted investees, net of tax		767	(2,549)
Equity settled share-based payments		263	(74)
Unrealised foreign exchange loss		(5,710)	10,076
Other non-cash items		-	2,499
Gain on sale of assets		2,356	(461)
Cash flows from operations before working capital changes		161,827	141,180
Changes in:			
Increase in trade receivables, other assets and contract assets		780	(6,014)
(Increase)/Decrease in inventories		2,412	3,339
Increase in programme assets		(7,150)	(6,133)
Decrease in trade payables and other current liabilities		(14,152)	(30,788)
Increase in contract liabilities		4,509	4,926
Cash flows from operations		148,226	106,510
Interest paid		(21,717)	(18,585)
Net cash flows from operating activities		126,509	87,925
Cash flow from investing activities			
Purchases of property, plant and equipment		(133,891)	(123,320)
Purchases of intangibles		(13,633)	(13,504)
Payments to obtain sales contracts		(14,514)	(15,150)
Proceeds from sale of property, plant and equipment		-	45
Net cash flows from investing activities		(162,038)	(151,929)
Cash flows from financing activities			
Dividends paid to shareholders		(15,981)	(3,437)
Proceeds from loans and borrowings	8	59,209	76,959
Repayment of loans and borrowings	8	(30,927)	(10,137)
Payment to related parties borrowings		(6,350)	(1,800)
Transaction costs paid		(214)	(150)
Payment of lease liabilities		(26,819)	(22,568)
Net cash flows (used in)/from financing activities		(21,082)	38,867
Net increase/(decrease) in cash and cash equivalents		(56,611)	(25,137)
Cash and cash equivalents at the beginning of the period		221,342	261,408
Cash and cash equivalents at the end of the period		164,731	236,271

DIGI Communications N.V.
Interim Condensed Consolidated Cash Flow Statement
for the three-month period ended 31 March 2024
(all amounts in EUR '000, unless specified otherwise)

The Interim Condensed Consolidated statement of cash flows is prepared using the indirect method. Cash and cash equivalents include cash and investments that are readily convertible to a known amount of cash without a significant risk of changes in value.

The Interim Condensed Consolidated statement of cash flows distinguishes between operating, investing and financing activities. Cash flow in foreign currencies are converted at the exchange rate at the dates of the transactions. Currency exchange differences on cash held are separately shown. Receipts and payments of interest, receipts of dividends and income taxes are presented within the cash flows from operating activities. Payments of dividends are presented within the cash flows from financing activities.

The notes on pages 8 to 27 are an integral part of these interim condensed consolidated financial statements.

DIGI Communications N.V.**Interim Condensed Consolidated Statement of Changes in Equity
for the period ended 31 March 2024***(all amounts in EUR '000, unless specified otherwise)*

	Share capital	Share premium	Treasury shares	Translation reserve	Revaluation reserve	Fair value reserves	Retained earnings	Total equity attributable to equity holders of the parent	Non-controlling interest	Total equity
Balance at 1 January 2024 (audited)	6,810	3,406	(14,135)	(21,747)	9,046	9,687	667,179	660,246	124,048	784,294
Comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	21,706	21,706	3,858	25,564
Foreign currency translation differences	-	-	-	387	-	-	-	387	24	411
Revaluation of equity instruments measured at fair value through OCI	-	-	-	-	-	6,987	-	6,987	-	6,987
Transfer of revaluation reserve (depreciation)	-	-	-	-	(65)	-	65	-	-	-
Total comprehensive income/(loss) for the period	-	-	-	387	(65)	6,987	21,771	29,080	3,882	32,962
Transactions with owners, recognized directly in equity										
Contributions by and distributions to owners										
Equity-settled share-based payment transactions	-	-	93	-	-	-	170	263	-	263
Dividends distributed	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	-	-	93	-	-	-	170	263	-	263
Changes in ownership interests in subsidiaries										
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	-
Total changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	93	-	-	-	170	263	-	263
Balance at 31 March 2024	6,810	3,406	(14,042)	(21,360)	8,981	16,674	689,120	689,589	127,930	817,519

The notes on pages 8 to 27 are an integral part of these interim condensed consolidated financial statements.

DIGI Communications N.V.**Interim Condensed Consolidated Statement of Changes in Equity
for the period ended 31 March 2024***(all amounts in EUR '000, unless specified otherwise)*

	Share capital	Share premium	Treasury shares	Translation reserve	Revaluation reserve	Fair value reserves	Retained earnings	Total equity attributable to equity holders of the parent	Non-controlling interest	Total equity
Balance at 1 January 2023 (unaudited)	6,810	3,406	(14,768)	(32,565)	9,308	(8,004)	614,432	578,619	37,108	615,727
Comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	10,061	10,061	736	10,797
Foreign currency translation differences	-	-	-	98	-	-	-	98	(15)	83
Revaluation of equity instruments measured at fair value through OCI	-	-	-	-	-	3,391	-	3,391	-	3,391
Transfer of revaluation reserve (depreciation)	-	-	-	-	(78)	-	78	-	-	-
Total comprehensive income/(loss) for the period	-	-	-	98	(78)	3,391	10,140	13,551	721	14,272
Transactions with owners, recognized directly in equity										
<i>Contributions by and distributions to owners</i>										
Equity-settled share-based payment transactions	-	-	229	-	-	-	(303)	(74)	-	(74)
Dividends distributed	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	-	-	229	-	-	-	(303)	(74)	-	(74)
<i>Changes in ownership interests in subsidiaries</i>										
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	-
Total changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	229	-	-	-	(303)	(74)	-	(74)
Balance at 31 March 2023	6,810	3,406	(14,539)	(32,467)	9,230	(4,613)	624,268	592,096	37,829	629,925

The notes on pages 8 to 27 are an integral part of these interim condensed consolidated financial statements.

DIGI Communications N.V.

Notes to the Interim Condensed Consolidated Financial Statements for the period ended 31 March 2024

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

1. CORPORATE INFORMATION

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

The parent company of the Group is Digi Communications N.V. (“DIGI”, “the Company”, or “the Parent”), a company incorporated in Netherlands Chamber of Commerce registration number 34132532/29.03.2000 with place of business and registered office in Romania. The controlling shareholder of DIGI is RCS Management SA (“RCSM”) a company incorporated in Romania. The ultimate controlling shareholder of RCSM is Mr. Zoltan Teszari. DIGI and RCSM have no operational activities, except for holding activities, and their primary asset is the ownership of RCS&RDS S.A (Romania) (“RCS&RDS”) and respectively DIGI.

The main operations are carried by RCS&RDS S.A (Romania) (“RCS&RDS”), Digi Spain Telecom SLU and Digi Italy SL.

DIGI registered office is located in 75 Dr. Nicolae Staicovici Street, Forum 2000 Building, Phase 1, 4th floor, 5th District, Bucharest, Romania.

RCS&RDS is a company incorporated in Romania and its registered office is located at 75 Dr. Staicovici Street, Forum 2000 Building, 5th District, Bucharest, Romania.

The Group provides cable TV (television), fixed internet and data, fixed-line telephony (“CBFT”), mobile telephony and internet and direct to home television (“DTH”) services in Romania. In Spain, we offer mobile telephony services (as an MVNO), fixed-line telephony and broadband services. In Italy, we offer mobile telephony services (as an MVNO). The largest operating company of the Group is RCS&RDS.

In Portugal we are on track with preparation for the launch of commercial services in 2024. In Belgium we continue the development of the partnership and the infrastructure build to sustain the 2024 launch of commercial services.

The interim condensed consolidated financial statements were authorized for issue on 15 May 2024.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

(a) Statement of compliance

These unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2024 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2023. These interim condensed consolidated financial statements do not include all the information required for full annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2023 which were prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the European Union ("EU") and with Section 2:362(9) of the Dutch Civil Code.

(b) Basis of measurement

The interim condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties measured at fair value, land and buildings measured at revalued amount, financial assets measured at fair value through OCI, derivative financial instruments measured at fair value and liabilities for equity share-based payments arrangements measured at fair value through Profit or loss.

(c) Judgements and estimates

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

In preparing these interim condensed consolidated financial statements, significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2023.

(d) Functional and presentation currency

The functional currency as well as the presentation currency for the financial statements of each Group entity is the currency of the primary economic environment in which the entity operates (the local currency), or in which the main economic transactions are undertaken (Romania: RON; Spain, Portugal, Italy and Belgium: EUR).

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

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

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

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

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)**2.1 BASIS OF PREPARATION (continued)**

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

Currency	2024			2023		
	1 Jan	Average for the 3 months	31 March	1 Jan	Average for the 3 months	31 March
RON per 1EUR	4.9746	4.9695	4.9695	4.9474	4.9189	4.9491
USD per 1EUR	1.1050	1.0857	1.0811	1.0666	1.0731	1.0886

2.2. GOING CONCERN

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

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

2.3 SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies applied by the Group in these unaudited interim condensed consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024. The accounting policies used are consistent with those of the previous financial year.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2024, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no impact on the Group's interim condensed consolidated financial statements.

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

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments had no impact on the Group's interim condensed consolidated financial statements.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.3 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments had no impact on the Group's interim condensed consolidated financial statements.

DIGI Communications N.V.**Notes to the Interim Condensed Consolidated Financial Statements
for the period ended 31 March 2024***(all amounts in EUR '000, unless specified otherwise)***3. SEGMENT REPORTING**

Three months ended 31 March 2024	Romania	Spain	Other	Eliminations	Reconciling item	Group
Segment revenue	260,258	177,422	7,570	-	-	445,250
Other income	1,434	-	-	-	-	1,434
Inter-segment revenues	434	52	16	(502)	-	-
Segment operating expenses	(137,258)	(137,954)	(8,923)	502	-	(283,633)
Adjusted EBITDA	124,868	39,520	(1,337)	-	-	163,051
Depreciation, amortisation and impairment of non-current assets	-	-	-	-	(113,313)	(113,313)
Other expenses (Note 19)	(7)	-	-	-	-	(7)
Operating profit						49,731
Additions to non-current assets	71,803	75,333	41,785	-	-	188,922
<i>Carrying amount of:</i>						
Non-current assets	1,726,183	740,118	463,280	-	-	2,929,581
Investments in associates and financial assets at fair value through OCI	900	-	58,222	-	-	59,122

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

DIGI Communications N.V.**Notes to the Interim Condensed Consolidated Financial Statements
for the period ended 31 March 2024***(all amounts in EUR '000, unless specified otherwise)***3. SEGMENT REPORTING (continued)**

Three months ended 31 March 2023	Romania	Spain	Other	Eliminations	Reconciling item	Group
Segment revenue	244,841	143,266	6,816	-	-	394,923
Other income	3,676	-	-	-	-	3,676
Inter-segment revenues	634	96	33	(763)	-	-
Segment operating expenses	(140,466)	(116,324)	(8,826)	763	-	(264,853)
Adjusted EBITDA	108,685	27,038	(1,977)	-	-	133,746
Depreciation, amortization and impairment of non-current assets	-	-	-	-	(100,685)	(100,685)
Other expenses (Note 19)	(232)	-	-	-	-	(232)
Operating profit¹						32,829
Additions to non-current assets	90,270	77,399	74,043	-	-	241,713
<i>Carrying amount of:</i>						
Non-current assets	1,688,346	532,663	252,716	-	-	2,473,725
Investments in associates and financial assets at fair value through OCI	5,751	-	40,222	-	-	45,973

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

4. PROPERTY, PLANT AND EQUIPMENT**Acquisitions and disposals**

During the three-month period ended 31 March 2024, the Group acquired property, plant and equipment with a cost of EUR 129,739 (three-month period ended 31 March 2023: EUR 148,948).

The acquisitions related mainly to networks EUR 61,322 (three-month period ended 31 March 2023: EUR 46,864 for continuing operations), construction in progress of EUR 28,715 (three-month period ended 31 March 2023: EUR 58,643) and equipment and devices of EUR 25,390 (three-month period ended 31 March 2023: EUR 38,939).

5. RIGHT OF USE ASSETS

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

During the three-month period ended 31 March 2024, right of use assets additions are in amount of EUR 30,188 (three-month period ended 31 March 2023: EUR 65,229).

6. NON-CURRENT INTANGIBLE ASSETS, CURRENT PROGRAMME ASSETS**a) Intangible assets****Acquisitions***Non-current intangible assets*

During the three-month period ended 31 March 2024, the Group acquired non-current intangible assets with a cost of EUR 28,994 (three-month period ended 31 March 2023: EUR 27,539).

The additions were as follows:

- Software and licences in amount of EUR 13,070 (three-month period ended 31 March 2023: EUR 10,371);
- Customer relationships by acquiring CATV and fixed internet subscribers in amount of EUR 63 (three-month period ended 31 March 2023: EUR 917);
- Costs to obtain contracts with customers (Subscriber Acquisition Costs "SAC") in amount of EUR 15,861 (three-month period ended 31 March 2023: EUR 16,251); SAC represents third party costs for acquiring and connecting customers of the Group;

Goodwill

<i>(i) Reconciliation of carrying amount</i>	
Balance at 1 January 2024	51,459
Additions	-
Disposals	-
Effect of movement in exchange rates	52
Balance at 31 March 2024	51,511
<i>(i) Reconciliation of carrying amount</i>	
Balance at 1 January 2023	51,741
Additions	-
Disposals	-
Effect of movement in exchange rates	(18)
Balance at 31 March 2023	51,723

6. NON-CURRENT INTANGIBLE ASSETS, CURRENT PROGRAMME ASSETS (CONTINUED)*Impairment testing of goodwill*

Goodwill is not amortized but is tested for impairment annually (as at 31 December) and when circumstances indicate the carrying values may be impaired. There were no impairment indicators for the cash generating units to which goodwill was allocated as of 31 March 2024.

b) Programme assets

During the three-month period ended 31 March 2024, additions of programme assets in the amount of EUR 4,050 (three-month period ended 31 March 2023: EUR 4,133) represent broadcasting rights for sports competitions for 2024/2025 season and related advance payments for future seasons and also rights for movies and documentaries.

7. EQUITY

There were no changes in the share capital structure during the period ended 31 March 2024.

For stock option plan exercised during the period, please see Note 15.

As at 31 March 2024, the Company had 4.75 million treasury shares (31 March 2023: 4.93 million).

8. LOANS AND BORROWINGS

Included in long term loans and borrowings are bonds of EUR 400,510 (December 2023: EUR 850,548) and bank loans EUR 308,564 (December 2023: EUR 333,102).

Included in short term loans and borrowing are bonds of EUR 450,000, bank loans of EUR 110,808 (December 2023: EUR 77,364), short portion of long-term loans of EUR 131,298 (December 2023: EUR 111,272) and interest payable amounting to EUR 4,572 (December 2023: EUR 11,178).

The movement in total loans and borrowings is presented in the table below:

	Carrying amount
Balance as of 1 January 2024	1,383,464
Proceeds from borrowings	59,209
Repayment of borrowings	(30,927)
Interest expense	13,159
Capitalised borrowing cost	2,005
Interest paid	(21,769)
Finance cost	(214)
Amortization of deferred finance costs	762
Effect of movements in exchange rates	64
Balance as of 31 March 2024	1,405,753

9. LEASE LIABILITY

The Group leases mainly network pillars, land, commercial spaces, cars and equipment. As at 31 March 2024, the financial leasing liability of EUR 395,014 (31 December 2023: EUR 389,576) was impacted by the variation of the foreign exchange rate for the Group's main functional currencies, by additions, as well as by modifications for certain leasing contracts related to rent amount and contract period.

10. RELATED PARTY DISCLOSURES

		31 March 2024	31 December 2023
Receivables from related Parties			
Citymesh Mobile NV	(i)	29,389	22,003
Other		1,138	491
Total		30,527	22,494

		31 March 2024	31 December 2023
Payables to related Parties			
RCS Management S.A.	(ii)	3,557	18,968
Other		264	714
Total		3,821	19,682

(i) Joint Venture

(ii) Shareholder of DIGI

Compensation of key management personnel of the Group

	Three months ended 31 March 2024	Three months ended 31 March 2023
Short term employee benefits –salaries	1,769	988

11. REVENUES

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

	Three months ended 31 March 2024	Three months ended 31 March 2023
Country		
Romania	260,258	244,841
Spain	177,422	143,266
Other ⁽¹⁾	7,570	6,816
Total revenues	445,250	394,923
Category		
Fixed services ⁽²⁾	228,640	199,595
Mobile services	182,540	163,375
Other ⁽³⁾	34,070	31,953
Total revenues	445,250	394,923

(1) Includes revenue from operations in Italy.

(2) Includes mainly revenues from subscriptions for fixed, mobile and DTH services, interconnection and roaming revenues.

(3) Includes mainly revenues from sale of handsets and other CPE, as well as advertising revenues.

Revenues from services include mainly subscription fees for fixed and mobile services, revenues from interconnection and roaming services.

Other revenues as at 31 March 2024 include mainly revenues from sale of handsets and other CPE, revenues from energy, as well as advertising revenues.

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

Timing of revenue recognition	Three months ended 31 March 2024	Three months ended 31 March 2023
Goods transferred at a point in time	14,228	11,737
Services transferred over time	431,022	383,186
Total revenues	445,250	394,923

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

12. OPERATING EXPENSES

	Three months ended 31 March 2024	Three months ended 31 March 2023
Depreciation of property, plant and equipment	47,771	39,685
Depreciation of investment property	-	36
Depreciation of right of use assets	25,089	21,803
Amortization of non-current intangible assets and programme assets	24,534	23,448
Amortization of subscriber acquisition costs	15,061	14,254
Impairment of property, plant and equipment	360	998
Impairment of subscriber acquisition costs	498	460
Employee benefits	76,545	68,677
Content related to fixed services	42,784	40,217
Telephony expenses	96,156	86,306
Cost of materials sold	13,733	11,096
Invoicing and collection expenses	4,838	5,060
Taxes and penalties	2,488	2,420
Electricity cost and other utilities	19,727	22,589
Impairment of receivables and other assets, net of reversals	2,166	2,377
Taxes to authorities	4,020	4,037
Other materials and subcontractors	1,925	3,052
Other services	7,839	9,059
Other operating expenses	11,411	9,965
Total operating expenses	396,945	365,539

Share option plans' expenses accrued in the period are included in the caption *Salaries and related taxes*.

For details, please see Note 15.

13. NET FINANCE COSTS

	Three months ended 31 March 2024	Three months ended 31 March 2023
<i>Finance income</i>		
Interest from banks	1,278	630
Other financial revenues	1,287	109
Foreign exchange differences (net)	-	602
	2,565	1,341
<i>Finance costs</i>		
Interest expense	(14,521)	(10,470)
Interest expense for lease liability	(2,757)	(3,041)
Net gain/(loss) on derivative financial instruments	(1,158)	(2,010)
Other financial expenses	(2,811)	(2,550)
Foreign exchange differences (net)	(279)	-
	(21,526)	(18,071)
Net Financial Cost	(18,961)	(16,730)

In the three months period ended March 2024, we recognised a net fair value loss of EUR 1,158 (31 March 2023: EUR 2,010) for the Senior Secured Notes embedded derivative asset.

14. FINANCIAL RISK MANAGEMENT

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

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

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

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

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

(a) Credit risk

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

Management mitigates customer credit risk mainly by monitoring the subscribers to continuous services (telecommunications and energy) and identifying potential bad debt cases, which are suspended, in general between 10 and 30 days after the invoice due.

14. FINANCIAL RISK MANAGEMENT (continued)

The carrying amount of the non-derivative financial assets, net of the recorded allowances for expected credit losses, represents the maximum amount exposed to credit risk. The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low. Although collection of receivables could be influenced by macro-economic factors, management believes that there is no significant risk of loss to the Group beyond the allowances already recorded.

The credit exposure for derivatives is limited, as there will be no incoming cash-flow arising from the embedded derivatives.

Cash and cash equivalents are placed in financial institutions, which are considered at time of deposit to have minimal risk of default.

The credit risk on cash and cash equivalents is very small, since the cash and cash equivalents are held at reputable banks in different countries.

(b) Liquidity risk

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

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

At 31 March 2024, the Group had net current liabilities of EUR 993,203 (31 December 2023: EUR 444,903). As a result of the volume and nature of the telecommunication business current liabilities exceed current assets. A large part of the current liabilities is generated by investment activities. Management considers that the Group will generate sufficient funds to cover the current liabilities from future revenues.

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

(c) Market risk

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

Exposure to currency risk

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

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

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

14. FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk

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

d) Capital Management

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

(e) Fair values

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

(f) Climate risks

In the three months period ended March 2024, the Group analyzed potential sustainability risks in the areas of climate change and scarcity of resources. The Group did not identify any key risks to its business model in either area and, as such, also does not currently anticipate any significant impacts from such risks on its business model or on the presentation of its results of operations or financial position.

(g) Situation in Ukraine

The evolution of the situation in Ukraine is uncertain and is closely followed by the Group with respect to potential indirect consequences on the financial markets that could impact refinancing conditions in the future. The Group has no direct interests in Ukraine and the areas at conflict and as a result the Group estimates that the situation in Ukraine will have limited effect on its operations and financial performance for future periods.

15. SHARE-BASED PAYMENT

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

For the three-month period ended at 31 March 2024, the related share option expense is included within Operating expenses (Salaries and related taxes caption) in the Interim condensed Consolidated statement of comprehensive income (Note 12).

16. DERIVATIVE FINANCIAL INSTRUMENTS

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

Financial assets at fair value through OCI

Financial assets at fair value through OCI comprise shares in RCSM. In 2017 the Company's class B shares were listed on the Bucharest Stock Exchange. As at 31 March 2024, the fair value assessment of the shares held in RCSM was consequently performed based on the average quoted price/share of the shares of the Company as of the valuation date (RON/share 50), adjusted for the impact of other assets and liabilities of RCSM, given that the main asset of RCSM is the holding of the majority of the shares of the Company. The fair value assessment also takes into account the cross-holdings between the Group and RCSM.

Embedded derivatives

As at 31 March 2024, the valuation method was consistent with the one used as at 31 December 2023.

As at 31 March 2024, the Group had derivative financial assets in amount of EUR 1,613 (31 December 2023: EUR 2,768), represented by the embedded derivatives related to the 2025 and 2028 Senior Secured Notes.

Derivative financial assets

As at 31 March 2024, the Group had non-current derivative financial assets related to the transaction between Digi Spain and abrdn in amount of EUR 3,366 (31 December 2023: EUR 3,366).

As at 31 March 2024 the Group had no derivative financial liabilities.

Fair value measurement

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	Level 1	Level 2	Total
31 March 2024			
Financial assets at fair value through OCI	58,222	-	58,222
Financial derivative assets	3,366	-	3,366
Embedded derivatives	-	1,613	1,613
Total	61,588	1,613	63,201
31 December 2023			
Financial assets at fair value through OCI	51,183	-	51,183
Financial derivative assets	3,366	-	3,366
Embedded derivatives	-	2,768	2,768
Total	54,549	2,768	57,317

17. GENERAL COMMITMENTS AND CONTINGENCIES

(a) Contractual commitments

Capital commitments are presented both on a discounted and an undiscounted basis, using the weighted average cost of capital for each geographical segment.

31 March 2024						
	Contractual cash flows	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
Undiscounted						
Annual fee for spectrum license	275,116	10,786	10,822	23,571	74,221	155,716
Capital expenditure	221,539	64,296	28,171	96,782	32,290	-
Contractual obligations for programme assets	26,005	9,920	8,124	6,605	1,355	-
Contractual obligations for energy contracts	21,370	3,985	3,985	8,065	5,335	-
	544,029	88,987	51,102	135,024	113,202	155,716
Discounted						
Annual fee for spectrum license	142,405	9,735	9,728	19,201	49,379	54,362
Capital expenditure	190,940	58,920	26,460	84,012	21,549	-
Contractual obligations for programme assets	22,194	8,294	7,758	5,209	933	-
Contractual obligations for energy contracts	17,156	3,484	3,484	6,409	3,779	-
	372,696	80,432	47,431	114,831	75,640	54,362
31 December 2023						
	Contractual cash flows	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
Undiscounted						
Annual fee for spectrum license	280,353	10,474	10,473	23,589	74,426	161,391
Capital expenditure	238,360	67,474	33,379	105,216	32,290	-
Contractual obligations for programme assets	15,075	2,592	8,867	2,337	1,279	-
Contractual obligations for energy contracts	2,347	2,347	-	-	-	-
	536,135	82,887	52,719	131,142	107,995	161,391
Discounted						
Annual fee for spectrum license	144,326	9,449	9,450	19,244	49,459	56,724
Capital expenditure	205,622	61,862	31,193	91,026	21,541	-
Contractual obligations for programme assets	12,881	2,292	7,884	1,841	864	-
Contractual obligations for energy contracts	2,050	2,050	-	-	-	-
	364,879	75,653	48,527	112,111	71,864	56,724

17. GENERAL COMMITMENTS AND CONTINGENCIES (continued)

(b) Letters of guarantee

As of 31 March 2024, there were bank letters of guarantee and letters of credit issued in amount of EUR 53,137 mostly in favour of content and satellite suppliers and for participation to tenders (31 December 2023: EUR 56,979).

We have cash collateral agreements for issuance of letters of counter guarantees. As at 31 March 2024 we had letters of guarantee issued in amount of EUR 2,671 (31 December 2023: EUR 2,671). These agreements are secured with moveable mortgage over cash collateral accounts.

(c) Legal proceedings

Uncertainties associated with the fiscal and legal system

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

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

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

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

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

The Group is currently involved in a number of legal proceedings, including inquiries from, or discussions with, government authorities that are incidental to their operations. In the opinion of the management, there are no current legal proceedings or other claims outstanding which could have a material effect on the result of operations or financial position of the Group and which have not been accrued or disclosed in these consolidated financial statements. For the litigation described below, the Group did not recognize provisions. In all cases, the determination of the probability of successfully defending a claim against the Group involves always the subjective evaluation, therefore the outcome is inherently uncertain. The determination of the value of any future outflows of cash or other resources, and the timing of such outflows, involves the use of estimates.

Criminal case brought to court by the Romanian National Anti-Corruption Agency

During June – July 2017, RCS&RDS and part of its directors were indicted by the Romanian National Anti-Corruption Agency (DNA) for the offences of bribery and accessory to bribery, money laundering and accessory to money laundering.

The presumed offences of bribery and accessory to bribery are alleged to have been committed through the 2009 joint-venture agreement between RCS&RDS and Bodu S.R.L. with respect to the events hall in Bucharest and the broadcasting rights for Liga 1 football matches, while the presumed offences of money laundering and accessory to money laundering are alleged to have been perpetrated through RCS&RDS's acquisition of the Bodu S.R.L. events hall in 2016.

On 15 January 2019, the Bucharest Tribunal, convicted RCS&RDS in connection with the offence of money laundering for which the court applied a criminal fine. The Bucharest Tribunal's decision also decided on the confiscation from RCS&RDS of an amount of money and maintained the seizure over the two real estate assets first instituted by the DNA. Through the same judgement, Mr. Bendei Ioan (at that time member of the Board of directors

of RCS&RDS and director of Integrasoft S.R.L.) was convicted, while the rest of the directors were acquitted in connection with all the accusations brought against them by the DNA. The decision also cancels the joint-venture agreement from 2009 concluded between RCS&RDS and Bodu S.R.L., as well as all the agreements concluded between RCS&RDS, Bodu S.R.L. and Integrasoft S.R.L. in 2015 and 2016.

The first court decision was appealed. On 1 November 2021, the Bucharest Court of Appeal granted the appeals of RCS&RDS S.A., Integrasoft S.R.L. and of certain directors and quashed the decision of the Bucharest Tribunal from 15 January 2019 in its entirety. The file was sent for retrial, to the competent court, which is the Bucharest Court of Appeal, starting with the procedure of the preliminary chamber. On 1 July 2022, in the course of the preliminary chamber procedure, the Bucharest Court of Appeal dismissed as unfounded the claims and exceptions raised by RCS&RDS, INTEGRASOFT S.R.L. and their current and former officers.

The appeal against this solution was partially granted by the High Court of Cassation and Justice on 20 June 2023. The court decided that some of the evidences used by the Romanian National Anti-Corruption Agency must be removed from the court file and that the Romanian National Anti-Corruption Agency has to decide whether it requests the continuation of the trial under these circumstances. On 10 October 2023, the High Court of Cassation and Justice ruled definitively on the applications submitted in the preliminary chamber and ordered the file to be sent to the Court of Appeal and the start of the trial on the merits. The evidence indicated in the conclusion from 20 June 2023 remained excluded from the file. The Bucharest Court of Appeal will retrial the case with the next hearing term set for 4 June 2024.

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

18. SUBSEQUENT EVENTS

Digi Spain concluded an asset sale and purchase agreement with Sota Investments Spain OpCo, S.L.U., a company controlled by a consortium comprising Macquarie Capital, abrdn and Arjun Infrastructure Partners, leading international infrastructure investors, for the sale by DIGI Spain of a FTTH network in 12 provinces across the regions of Madrid, Segovia, Avila, Castilla-La Mancha, Comunidad Valenciana and Murcia, Spain (the "Network"), for a consideration of up to EUR 750,000. The Network currently comprises approximately 4,250,000 homes passed, with the aim of comprising a total of 6,000,000 homes passed. The deployment of the rest of the Network will be carried out gradually over an estimated period of three years. The transaction is subject to closing conditions, such as foreign direct investment clearance and economic concentration merger control.

RCS & RDS S.A. (the Company's subsidiary in Romania - "RCS & RDS"), as borrower, together with the Company and Digi Spain Telecom S.L.U. as original guarantors and Citibank Europe Plc., as original lender, have finalised on 14 May 2024 the signing of two export credit facilities agreements in a total amount of EUR 117,158,657.37, to be used with the purpose of financing the purchase of good and services for developing the Romanian and Portuguese telecommunications networks of the Company's subsidiaries.

Additionally, Digi Spain Telecom SLU (the Company's subsidiary in Spain - "Digi Spain"), as borrower and Banco Santander S.A., as lender, have concluded on 13 May 2024 an uncommitted bridge facility agreement in amount of EUR 50,000,000 to be used with the purpose of financing working capital.

For details regarding the up-date of the litigations, please see Note 17 above.

19. EBITDA

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

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

	Three months ended 31 March 2024	Three months ended 31 March 2023
Revenues	445,250	394,923
Other income	1,434	3,676
EBITDA		
Operating profit	49,731	32,829
Depreciation, amortization and impairment and revaluation impact	113,313	100,684
EBITDA	163,044	133,513
Other expenses	7	232
Adjusted EBITDA	163,051	133,745
<i>Adjusted EBITDA (%)</i>	<i>36.50%</i>	<i>33.55%</i>

For the three-month period ended 31 March 2024, other expenses are related to share option plans vested and are expected to be one-time events (for details, please see Note 15) in amount of EUR 7 (EUR 232 for the three-month period ended 31 March 2023).

20. FINANCIAL INDICATORS

Financial Indicator	Value as at 31 March 2024
Current ratio	
Current assets/Current liabilities	0.29
Debt to equity ratio	
Long term debt/Equity x 100 (where Long term debt = Borrowings over 1 year)	94%
Long term debt/Capital employed x 100 (where Capital employed = Long term debt+ Equity)	48%
Trade receivables turnover	
Average receivables/Revenues x 90	41.51
Non-current assets turnover	
(Revenues/Non-current assets)	0.60

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

Serghei Bulgac,
CEO

Valentin Popoviciu,
Executive Director